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An assessment of community-based social enterprises in three European countries

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Executive summary

Background and methodology

In October 2016, Power to Change commissioned a team from the University of Westminster, Delft University of Technology and Stockholm University to carry out a comparative study of community-based social enterprise (CBSE) in England, the Netherlands and Sweden. National policy was reviewed and three case studies were selected from each country, in order to provide an evidence base for making comparisons and drawing out more general conclusions about the development of the sector.

CBSEs take many organisational and legal forms but for our purposes we selected examples which display the characteristics as used by Power to Change to define community businesses. They are:

- **Locally rooted:** They are rooted in a particular geographical place and respond to its needs. For example, that could be high levels of urban deprivation or rural isolation.
- **Trading for the benefit of the local community:** They are not-for-*private*-profit businesses. Their income comes from diverse activities such as renting out space in their buildings, providing services, trading as cafés, selling produce they grow or generating energy.
- **Accountable to the local community:** They are accountable to local people, for example through a community shares offer that creates members who have a voice in the direction of the business.
- **Broad community impact:** They benefit and impact on their local community as a whole. They often morph into the hub of a neighbourhood, where all types of local groups gather, for example to access broadband or get training in vital life skills.

Methodology

This project was carried out by the research leads from the three universities using a mixed methods approach. Having reviewed national and local policy in the three countries, three CBSEs were investigated in depth in each country making a total of nine case studies. Access to key stakeholders was negotiated through known contacts and organisations such as Power to Change and Locality in England, the National Association of Active Residents in the Netherlands and Coompanion in Sweden. Case studies were selected in order to be broadly representative of the sector in terms of organisations' age, location, sources of funding, assets and services provided and systems of governance. Summaries of each case study are published in the Appendix

Quantitative and qualitative research was carried out using published and unpublished sources, including relevant academic journal articles. Semi-structured interviews were carried out with a variety of stakeholders. The interviews were digitally recorded, transcribed and retained by the researchers. Seminars enabled findings to be shared and comparative insights to be developed between countries with the assistance of external contributors. It was agreed that the purpose of the project was not to evaluate or make judgements about individual CBSEs but to learn from their experiences so that conclusions could be drawn within and between countries..

Case studies

England

Goodwin Trust, Thornton estate, Hull (Yorkshire)

Millfields Trust, Stonehouse, Plymouth (South West)

OrganicLea, Waltham Forest (London)

The Netherlands

Stichting Bewonersbedrijven Zaanstad (SBZ)

Bewonersbedrijf Malburgen (BBM) Malburgen, Arnhem

Bewonersbedrijf Crabbehoeve (BBC) Crabbehof, Dordrecht

Sweden

Yalla Trappan, Rosengård, Malmö

Nya Folkets Hus Rågsved Rågsved, Stockholm

Roslagskrafterna, Norrtälje

A comparison of government policy relating to community-based social enterprise

Definitions: In all three countries, the terms used to describe the social enterprise sector are not clearly defined and may vary according to changing political perspectives and priorities over time. However, funding and support organisations often develop their own definitions and funding criteria.

Origins: CBSEs strike a balance between non-commercial, community development-related activities and commercial trading operations which may produce a surplus. CBSE organisations in all three countries often begin as community development organisations but gradually take on assets or service contracts which increasingly represent a source of income and thus ensure relative autonomy.

National policy: All three countries lack a clear policy framework for social enterprise and in particular for CBSEs. Responsibilities are also divided between several different government departments, sometimes with unclear ministerial accountability.

Legal structures: CBSEs may adopt a number of different organisational entities in order to provide a legal status and financial protection to board members. This depends on the legal and administrative forms available in each country.

National support organisations: All three countries have active national support organisations which provide services including membership, technical and legal advice, research, publications and access to specific funding programmes.

Financial support: CBSEs have access to a range of public and charitable funding sources. These can be available nationally or only in particular geographical locations. In England the National Lottery was particularly important for CBSEs through, for example the setting up of Power to Change (an organisation dedicated to funding and supporting community business). The Heritage Lottery Fund is another important funder as many CBSEs operate from heritage buildings.

Local authority support: Local authorities and housing associations have limited powers or resources to support CBSEs. Some are willing to offer leases on buildings (or other assets) of varying lengths at rents below full market value. Much depends on personal contacts through political representatives or highly motivated officers.

Key characteristics and findings from case studies in the three countries

Similarities:

- All case studies adopted systems of organisation and management relevant to their national cultures and legal frameworks but with some common elements;
- All demonstrate aspects of **social innovation and entrepreneurialism** in their organisation and management practices, the projects and opportunities secured, and the ability to work in collaboration with other local service providers;
- All develop **hybrid business models** which seek to combine trading and non-trading activities, in order to achieve financial sustainability in the longer term. Many rely on grants and loans from public and charitable sources particularly in the early years;
- **Accountability** is interpreted differently depending on the nature of the organisation. All define the community to whom they are accountable differently; some narrowly to users or others in regular contact, others to those living in a defined neighbourhood;
- **Recruitment:** Board members tend to be recruited on the basis of their personal knowledge and skills rather than simply as representatives of an area or interest. Most case studies report difficulties in attracting new board members with relevant knowledge and skills and there is little evidence of succession strategies to allow for a regular turnover of local representatives;
- The development of strong core values and principles which permeate through the organisation and influence their activities is balanced by the need to be flexible and responsive if new opportunities arise. These need a careful risk assessment to ensure they reinforce the core values rather than undermine them. **Trading and non-trading activities need to be carefully balanced;**
- **Charitable activities:** There are examples in all three countries of CBSEs making surpluses which are then allocated to support other community organisations in the area;
- **Impact** was perceived as being significant, particularly at the local level and in relation to the resources available, but CBSEs very rarely carried out a systematic evaluation of their impact except through normal financial and management reports to the board and sometimes in annual reports.

Differences

- **Origins:** CBSEs, particularly in England and the Netherlands, often emerged out of previous community development or regeneration projects and involved activists with relevant expertise. In Sweden case studies tended to be more orientated towards creating employment opportunities which is a reflection of the emphasis on work integrated social enterprise (WISE) through different state initiatives and where Coompanion is the national support organisation;
- The **context** in which the CBSE operates is crucial in determining their role and prospects for growth. This includes potential funding sources, the ability to negotiate contracts and acquire assets and the need to secure collaborative relationships with a network of other agencies;
- Expansion through **asset transfer** of land and buildings from sympathetic local authorities is most evident in England and to a lesser extent the Netherlands;
- **The sector is relatively undeveloped in all three countries.** There is no national, strategic policy and at the local level much depends on highly motivated activists and the relationship with ‘boundary spanners’ such as local authorities, local economic development agencies and specialist support organisations;
- **Leadership** varies between the three countries. In Sweden it is often the chairperson who provides leadership whereas in England there is a tradition of the chief executive playing the leading role in developing strategy and promoting the organisation externally. In the Netherlands leadership often emerges from board members, paid staff or volunteers;
- **Accountable to the local community:** All the case studies generally support the principles of being accountable but how they perceive this role varies between countries. In Sweden the view is taken that users and beneficiaries are the community whereas in England and the Netherlands there is a perception that the CBSE should be accountable to a wider range of stakeholders, including local residents in the target area.

Conclusions and prospects for growth

CBSEs in the three countries are on similar trajectories from a low-level start as a community project, gaining an increasing income from commercial activities over time, and at some point in the future developing a more diversified range of services and facilities based on both commercial trading and non-commercial funding.

Achieving financial sustainability takes time and some experience major financial challenges in the early years. The two largest case studies in England have been active for over 20 years. Thus, CBSEs can be both innovative and entrepreneurial in developing this hybrid business model which is pioneering new approaches to service delivery as part of a larger strategy of inclusive growth. Each seeks financial sustainability but this will depend on the opportunities and constraints it identifies in its locality and through developing boundary-spanning, collaborative arrangements with others. However, central and local governments in all three countries are often perceived as ambivalent to the CBSE model and may appear uncertain as to whether they should support this sector and if so, how best to provide such support.

The most significant differences are largely related to variations in the national and local context, political background and history of citizen-based initiatives. Many similarities have also become apparent between CBSEs in the three countries, particularly in terms of innovation and entrepreneurialism. The main conclusion is that CBSEs are a response to relative austerity in each country as well as a desire to promote different forms of 'citizen-centred governance' (Barnes *et al.*, 2008), while also emerging from different national cultures and local contexts. It is the different legal and administrative frameworks which have a major influence on the establishment and support for CBSEs, while creating opportunities to deliver services and to provide facilities which would not otherwise be available.

Introduction

This project was funded by Power to Change in October 2016 and its primary focus is the role and impact of community-based social enterprises (CBSEs) in three European countries: England, the Netherlands and Sweden. CBSEs (often called community businesses) can be differentiated from social enterprises by defining their purpose, benefits and management in relation to communities in defined areas. They are, however, just one category of social innovation emerging from the complex network of agencies and interests in all European urban areas (see for example, Brandsen *et al.*, 2016).

The three countries selected are similar in economic circumstances, in the impact of austerity on traditional welfare support programmes, and in a desire to develop and enhance the contribution of social and community enterprise to fulfil unmet needs. It was our starting hypothesis, however, that there are also substantial differences based on historical, cultural and contextual factors. In all three countries, there is strong evidence that CBSEs have developed rapidly through innovative approaches to co-production and changing citizen-government relationships.

Objectives

This report sets out to explore the similarities and differences between these countries, particularly where CBSEs are making a significant contribution towards contemporary forms of urban regeneration and reducing inequalities and deprivation. The main objectives were to:

1. Identify the national and local policy parameters in which CBSEs are located, in order to identify how they have evolved and the legal, technical and political framework in which they operate in relation to broader societal and regeneration objectives;
2. Review sources and levels of technical and financial support available from stakeholders and national bodies and to determine the extent to which these are critical to achieving sustainability and organisational objectives;
3. Determine through case studies the methods and extent to which performance outputs and impact are monitored and evaluated;
4. Generate findings and broader conclusions of direct relevance to the case study organisations, local and national stakeholders, and the wider EU community.

Table 1: Membership of project consortium

	Organisation	Type of Organisation	Country	Contact person
Principal Investigator	University of Westminster, Centre for Urban Infrastructures	Research	England	Prof. Nick Bailey
Co-investigator	Delft University of Technology, Faculty of Architecture & the Built Environment	Research	Netherlands	Dr. Reinout Kleinhans
Co-investigator	Stockholm University, School of Business and Centre for Stockholm School of Entrepreneurship	Research	Sweden	Dr. Jessica Lindbergh
Additional Participants				
Technical support	Steve Clare (formerly of Locality) Cyta Consulting Ltd (a firm committed to supporting and advising CBSEs in the UK)	Practice	UK	Steve Clare
Technical support	LSA (National Association of Active Citizens)	Practice	Netherlands	Marieke Boeije, Kristel Jeuring
Technical support	Coompanion (association supporting co-operative entrepreneurship)	Practice	Sweden	Jenny Kowalewski

Report structure

The report is divided into three main sections:

Section 1 discusses the national policy context in each country, identifies the role of support organisations and sets out the main sources of public and charitable funding available to CBSEs.

Section 2 provides an analysis of the case studies in each country.

Section 3 sets out a synthesis of the main similarities and differences between the three countries.

The Appendix

Summaries of the nine case studies are published in the appendix. In Tables 2, 3 and 4 we set out a summary of each case study in the three participating countries.

Table 2: Summary of case studies in England

Goodwin Trust, Thornton estate, Hull (Yorkshire) Start date: 1995	
Legal structure	Company limited by guarantee and charity, <i>Goodwin</i> Community Trading Ltd, <i>Goodwin</i> Community Housing Ltd.
Core values and aims	To develop the community and to reduce deprivation through the acquisition of assets in order to deliver high quality services to meet community needs.
Trading activities	A wide range of services provided to expectant mothers, a nursery, child care, youth provision, community meeting spaces, food bank, arts and training. Including a radio station. Construction of 41 affordable homes and management of 50 others.
Non-trading activities	Almost all activities are self- funding or grant funded, often a combination of trading and non-trading.
Key partners & funders	Hull city council, EU funding, Arts Council, contracts from a variety of agencies, Homes & Communities Agency.
Millfields Trust, Stonehouse, Plymouth (South West) Start date: 1998	
Legal structure	Company limited by guarantee, community interest company, separate charity. Open membership for anyone over 18 living in the area.
Core values and aims	To promote the regeneration of the Stonehouse area through the provision of work space and employment, and encouraging children to raise their aspirations and open up new work opportunities.
Trading activities	More than 90 business tenants employing about 300 people, other land and buildings, a pub.
Non-trading activities	A charity, <i>Millfields Inspired</i> , funded by the Trust to widen the horizons of primary school children.
Key partners & funders	Plymouth city council, Local Enterprise Partnership, ERDF.
OrganicLea, Waltham Forest (London) Start date: 2001	
Legal structure	Workers' co-operative registered with Co-operatives UK, company limited by guarantee.
Core values and aims	To produce and distribute food and plants locally, and inspire and support others to do the same. We bring people together to take action towards a just and sustainable society.
Trading activities	Growing and selling over 100 varieties of fruit and vegetables, honey and wine, a veg box scheme, market stalls and sales to restaurants, a cafe, and training courses.
Non-trading activities	Supporting and training volunteers, some with learning difficulties.
Key partners & funders	Esme Fairbairn Trust, Power to Change, local authorities, Big Lottery's Making Local Food Work programme.

Table 3: Summary of case studies in the Netherlands

Stichting Bewonersbedrijven Zaanstad (SBZ) Poelenburg, Zaanstad Start date: 2013	
Legal structure	Foundation (<i>stichting</i>) with an ANBI-status, i.e. an 'institution working for a public benefit'.
Core values and aims	To improve the local economy, employment and 'liveability', not only in the Poelenburg area, but also other neighbourhoods. <i>Mission</i> : working on employment, working on the neighbourhood and working on each other.
Trading activities	Renting out meeting spaces from the local neighbourhood centre (until May 2017), acting as subcontractor in the local 'social neighbourhood teams', and small renovation works commissioned by local housing associations.
Non-trading activities	Resident coaches, providing 'work experience positions', collecting bulky garbage, running a neighbourhood garden, and organising sports activities in the Poelenburg neighbourhood.
Key partners & funders	Local government of Zaandam (in particular various departments), local housing associations Rochdale and Parteon, the Dock foundation (care), Doen foundation (funding) and others.
Bewonersbedrijf Malburgen (BBM) Malburgen, Arnhem Start date: 2013	
Legal structure	Foundation (<i>stichting</i>) with an ANBI-status, i.e. an 'institution working for a public benefit'.
Core values and aims	Provision of affordable housing to people from low-income and diverse backgrounds; to offer a meeting place for residents of Malburgen; provide opportunities for education and job training, enabling local residents to further develop themselves.
Trading activities	Renting out 130 units (primarily rooms, but also meeting / office spaces) from a renovated former care home.
Non-trading activities	Tenants are expected to volunteer in the neighbourhood, supporting various social activities. BBM accommodates self-employed people and associations offering recreational, physical exercise, do-it-yourself or other activities.
Key partners & funders	The local housing association Volkshuisvesting, Philadelphia (care), 'social neighbourhood teams' and others.
Bewonersbedrijf Crabbehoeve (BBC) Crabbehof, Dordrecht Start date: 2014	
Legal structure	Foundation (<i>stichting</i>) with an ANBI-status, i.e. an 'institution working for a public benefit'.
Core values and aims	Offering a multifunctional meeting place for neighbourhood residents, enabling them to meet people, volunteer for the neighbourhood, gain work experience, transfer knowledge and to develop budding talents and entrepreneurship.
Trading activities	Renting out a conference room, lunchroom with garden terrace and a workshop, catering services (using garden crops), and targeting fundraising.
Non-trading activities	The BBC hosts sewing ateliers, workshops, reading sessions, hobby workshops, playful biology lessons for children, billiards and darts. It has a small library and an Internet café. Volunteers helping in the garden can take home free produce.
Key partners & funders	Local government, MEE (care organisation), local housing association, Doen foundation (funding) and others.

Table 4: Summary of case studies in Sweden

Yalla Trappan, Rosengård, Malmö Start date: 2010	
Legal structure	Non-profit women's co-operative which is open for general membership.
Core values and aims	Co-operative with a one member, one vote system. Empowers immigrant women that are far out of the job market.
Trading activities	Café, catering, hand crafted food (marmalade, spices etc.), study visits, sewing and design studio, cleaning and conference service as well as on site job training.
Non-trading activities	Empowerment of female immigrants through language lessons and learning about Swedish society as well as legal matters, societal integration and experience and knowledge of how to run a business.
Key partners & funders	Members, Malmö City Council, IKEA and the employment service agency.
Nya Folkets Hus Rågsved Rågsved, Stockholm Start date: 2007 (previous organisation in 1980)	
Legal structure	Non-profit, member driven by local organisations and associations with additional forms of legal structure such as limited company and a foundation.
Core values and aims	Aims to be an agency that both follows and initiates social change and provides local meeting space for democratic meetings.
Trading activities	Rental of meeting space, arranges business conferences, café and catering, second hand shop, on site job training.
Non-trading activities	Give space and advice on how to organise citizen initiatives and provides cultural experiences (e.g art exhibitions, theatre plays for children, workshops in music), helps with homework and provides Christmas supper.
Key partners & funders	Member organisations, local city council, employment service agency, Stockholm's business regions development as well as local real estate owners.
Roslagskrafterna Norrtälje Start date: 2014	
Legal structure	Economic association and Workers' Co-operative.
Core values and aims	Create an opportunity to build a work place that suits them through a co-operative social enterprise, provide on-site job training for people that have similar experiences and engage in local charity.
Trading activities	Second hand shop, remake multi-services, job training and two cafés.
Non-trading activities	Experience and knowledge of how to run a business.
Key partners & funders	Members, Coompanion, municipality council, a recycling company and the employment service agency.

1. A comparison of government policy relating to community-based social enterprise

1.1 Introduction to the project

During the first part of the project a review was carried out in England, the Netherlands and Sweden in order to assess how far there is a clear policy basis for CBSE and to what extent and by which organisations it is being supported, funded and encouraged to grow.

This section provides an overview of national policy and relevant support and funding organisations for CBSEs for England (although reference is made to other parts of the United Kingdom), the Netherlands and Sweden.

1.2 Definitions

There are many definitions used to describe organisations which fall under the general heading of ‘social enterprise’. These include social business, community business and business with a social mission. Co-operatives might be included but these are normally organisations where the members jointly own the business rather than contributing to its management primarily as members, trustees, employees, or volunteers. This project focuses particularly on CBSEs which we see as a sub-set of the broader social enterprise or community business category. We also note that the academic literature is increasingly making connections between social innovation, social economy and social enterprise where needs are being met by a ‘third sector’ which is expanding in many European countries (Defourny and Nyssens, 2013: 40). We argue that CBSEs are social enterprises which operate in a defined geographical location or ‘community’ and give a high priority to engaging local residents and businesses in the management of the enterprise and delivery of projects. In practice, policy and funding opportunities relate to the broad categories of social enterprise or community business, rather than the narrower definition of CBSEs. In general terms, the organisations we are researching have the following characteristics as defined by Power to Change. They are:

- **Locally rooted:** They are rooted in a particular geographical place and respond to its needs. For example, that could be high levels of urban deprivation or rural isolation.
- **Trading for the benefit of the local community:** They are businesses, aiming to generate profit to be reinvested in the local community. Their income comes from activities such as renting out space in their buildings, providing services, trading as cafes, selling produce they grow or generating energy.
- **Accountable to the local community:** They are accountable to local people, for example through a community shares offer that creates members who have a voice in the business’s direction.

- **Broad community impact:** They benefit and impact their local community as a whole. They often morph into the hub of a neighbourhood, where all types of local groups gather, for example to access broadband or get training in vital life skills.

A survey by the European Commission (EC) found that most of the 29 member states had evidence of social enterprises but that only 8 out of 29 had a ‘specific policy framework for supporting the development of social enterprise’. There were also many different legal frameworks involved. The EC report defined three dimensions (entrepreneurial, social and governance) and five criteria which define the role of ‘social enterprise’ (EC, 2014: 2).

- **The organisation must engage in economic activity:** this means that it must engage in a continuous activity of production and/or exchange of goods and/or services;
- **It must pursue an explicit and primary social aim:** a social aim is one that benefits society;
- **It must have limits on distribution of profits and/or assets:** the purpose of such limits is to prioritise the social aim over profit making;
- **It must be independent** i.e. organisational autonomy from the state and other traditional for-profit organisations; and
- **It must have inclusive governance** i.e. characterised by participatory and/or democratic decision-making processes. (EU, 2014: 2).

1.3 The Netherlands

There is no official definition of social enterprise in the Netherlands. In academic, policy and practice discussions, a range of terms are used, such as ‘sociale ondernemingen’ (SEs), ‘sociale firmas’ (social firms) and, to a much lesser extent, co-operatives. The concept of ‘maatschappelijke organisaties’ (societal organisations) is also widely used, but it refers to a broader set of organisations, focusing on the ‘public good’, including public benefit companies, housing associations and health and educational institutions (EC, 2014, p.i). As part of an EU-wide mapping effort of social enterprise (SE), the EU country report on the Netherlands distinguishes broadly between several types of SEs with different legal statuses:

- NGOs, foundations and associations with revenue generating activities, social aims and participative models- these could be considered social enterprises if they have clear social aims and revenue generating activities (market activity).
- ‘Social’ co-operatives: these are generally to be considered social enterprises as they are co-operatives pursuing a social mission, not serving the interests of their members.

- Mainstream enterprises emphasising their social mission in business models: if having a social aim and caps on profit-making these would fit the spectrum of social enterprises.
- Work integration companies: operating under a variety of legal forms but under a given number of existing laws providing the legal framework for their existence these are generally considered to be social enterprises.
- Semi-public enterprises with societal aims: according to some these should be considered as social enterprises, and might meet most of the criteria.

1.4 Sweden

In Sweden, there is a long tradition of strong popular movements (Berglund and Johannisson, 2012) such as labour unions, free churches, sports associations, village associations, temperance and youth movements but the social enterprise sector that use a more outspoken business logic has only emerged comparatively recently. There is no specific legal form for social enterprises in Sweden; they can choose whatever form is perceived as most appropriate for their activities. In general, organisational forms tend to be business enterprises (sole trader, trading partnership, limited partnership and limited company) and associations (economic and not-for-profit). The most common forms are economic associations, not-for-profit associations and private limited companies (Tillväxtverket, 2012). Some social enterprises also use several legal forms in order to separate the more socially orientated objectives from economic or trading activities (EC, 2014).

Definitions of 'social enterprise' and 'work integrated social enterprise' (WISE) are sometimes used interchangeably by government bodies and other supporting organisations. The Swedish Agency for Economical and Regional Growth has been given the responsibility to design and implement a national programme that will stimulate the creation and growth of WISEs in cooperation with the Swedish Employment Agency (Arbetsförmedlingen). Association enterprises with a particular focus on community development in rural areas (i.e. benefits for a larger number of people) can also receive support in the form of project funding from the Swedish Board of Agriculture.

1.5 England and the United Kingdom

In the United Kingdom (UK) there is a long history of a variety of forms of social enterprise (see Gordon, 2015, Spear *et al.* 2017) set out in detail the wide range of types of social enterprise models and their evolution under different government regimes in the UK since 1998. A sub-set of the wider category is community enterprise which relates closely to our definition of CBSEs in that they are locally rooted and managed.

There are several legal frameworks which community enterprises can adopt including: company limited by guarantee, community interest company (CIC), community benefit society or co-operative society (FCA, 2014). Many also qualify for charitable status which brings tax advantages. There is no nationally-agreed definition of social enterprise or CBSEs but Locality provides this definition:

Community enterprise is a significant sub-sector within the wider social enterprise sector. It shares the same definition as social enterprise: an organisation trading for social purpose with profits reinvested rather than going to shareholders. But a community enterprise is more specific in that it is based in, and provides benefits to a particular local neighbourhood or community of identity. A community enterprise is owned and managed by members of that community. It is an organisation run by a community as well as for a community. (Locality, 2016).

Research commissioned by Power to Change suggest a steady increase in the number of community businesses in England reaching 7,085 (including village halls) in 2016 with assets to the value of £2.1 billion (Hull et al, 2016: 2).

1.6 Are there national policies?

There was very little evidence from all three countries, apart from in Scotland, that a coherent strategy exists at central government level for developing the social enterprise sector and CBSEs in particular.

In the UK, this is a policy area which is the responsibility of central government for England and of the three devolved administrations in the rest of the UK. In England, the most comprehensive policy statement dates from 2002 when the Department of Trade and Industry published 'Social Enterprise: A Strategy for Success' (DTI, 2002). Responsibility for social enterprise currently lies with a Minister in the Department of Digital, Culture, Media and Sport (DCMS) who also has responsibility for the voluntary sector and social investment in general. The Department of Communities and Local Government has separate responsibility for the transfer of assets (Locality, 2016) from the public sector to community-based organisations as well as the Localism Act 2011. Thus, there are a variety of responsibilities and powers but very little evidence of a clear policy and strategy for delivery backed up with resources. However, the Scottish Government has recently produced a national strategy (Scottish Government, 2016) and the Welsh Government has produced a good practice guide (Welsh Government, 2016).

In the Netherlands, there is a similar absence of a clear policy direction and the involvement of several different government departments.

The lack of a clear policy framework is also visible in the lack of responsibilities among national government departments. The Netherlands Enterprise Agency (RVO.nl) is part of the Ministry of Economic Affairs and works at the instigation of ministries and the European Union. This particular institution encourages entrepreneurs in sustainable, agrarian, innovative and international business, helping with grants, finding business partners, general know-how as well as sharing knowledge around compliance with laws and regulations (see <http://english.rvo.nl/home/about-rvonl/what-is-rvonl>). Apart from this institution,

several other ministries (e.g. the Ministry of the Interior) make reference to social enterprise, but do not have any executive or legal powers.

However, in the context of growing austerity and budget cuts the Ministry of the Interior published a White Paper which proposes to offer room for societal initiatives and to support citizens to take action on societal issues. The White Paper, 'Do-it-yourself Democracy', states:

The Cabinet aims to offer room and trust for societal initiatives and actively support the transition towards a do-it-yourself democracy (which is a form of citizens' taking a part in deciding to take up societal issues themselves) [...]. Several societal trends require a cabinet's view on this matter: a) an increasing level of self-organisation in society, b) a retrenching government, and c) an increasing demand for social connectedness. Apart from these trends, the transition to more do-it-yourself democracy is relevant from a governmental point of view, due to scaling-up, decentralisation and budget cuts (BZK, 2013: 3).

In 2015 the Social and Economic Council of the Netherlands (Sociaal-Economische Raad – SER) issued an advisory report¹ entitled 'Social Enterprises' (Sociale Ondernemingen), which is fundamental to the government's position towards social enterprises. The SER prepared the advisory report at the request of the Minister of Social Affairs and Employment. While embracing the EU definition of social enterprise, the SER emphasised that social enterprises are distinct from other businesses in that their primary and explicit objective is to increase positive externalities, to reduce negative externalities, or to assist disadvantaged employees or clients (SER, 2015a). The SER has identified several key obstacles to improving the positive social impact of social enterprises (SER 2015b: 3-4):

- Problems related to impact measurement;
- Limited recognition and appreciation of social enterprises;
- Financing problems;
- Obstructions in the law;
- Government procurement problems.

The City Network G32, which includes the administrations of the 32 largest cities of the Netherlands, has recently put significantly more effort into understanding social entrepreneurship. For this reason, they have issued a 'road-map' which aims to offer insights to local authorities on how to foster and develop social entrepreneurship. Central to this is the creation and maintenance of a 'social entrepreneurial-friendly ecosystem' (G32, 2017).

In Sweden, there is no policy statement regarding social enterprise in general. Instead the focus has been on WISE. In 2010, a plan of action regarding WISE was agreed. However, since the beginning of 2016 the government has given the Ministry of Enterprise and Innovation responsibility for

¹ An English summary of this report can be found at: <http://www.ser.nl/~media/files/internet/talen/engels/2015/2015-social-enterprises.ashx>

supporting social enterprise and social innovations. According to recent statements, the proposals are currently being reviewed and discussed are ongoing regarding how, when and where they should be implemented by the government. Moreover, the summary of suggested solutions has not been published.

Sweden has no legal framework for social enterprise or any particular legal organisational form and ‘social enterprise’ and ‘work integrated social enterprise’ are sometimes used interchangeably by government bodies and other supporting organisations (EC, 2014). Responsibility for WISE is currently divided between the Ministry of Employment and the Ministry of Enterprise and Innovation. The responsibility for social enterprise (even though there is no such formal definition) is divided between two ministers in two different offices – the Minister for Employment and Integration based at the Ministry of Employment, and the Minister at the Ministry of Enterprise and Innovation.

1.7 Distribution

There are more and larger CBSEs in the UK than in other European countries, probably because the well-established ‘Anglo-Saxon’ model of community organisation has been prevalent there for a longer period of time. However, the distribution in all three countries tends to be fairly random and dependent largely on local activists and other bodies identifying both a need and a potential to mobilise local stakeholders. The development of the sector in the Netherlands and Sweden tends to be more recent and as a response to financial restraint and a general trend towards neo-liberalism in European states. CBSEs in these countries tend to be fewer and smaller. In all three countries, CBSEs are located in both urban and rural areas. In England, the largest tend to be in inner urban locations and often in areas of significant levels of deprivation.

1.8 National support organisations

In each country, there are a number of membership and support organisations operating at the national level. Some also offer grants or assist CBSEs in accessing funding from other sources.

Sweden

In Sweden, Coompanion is a corporate advisor for co-operatives which is supported by the Swedish Agency for Economical and Regional Growth and which offers free advice to co-operatives. The majority of their support is provided to WISEs.

Coompanion provides what are referred to as ‘innovation checks’ that can be worth up to SEK 100,000 per co-operative. The co-operative should have a minimum of three and a maximum of 250 employees. The innovation checks can be used to buy external expertise from universities, research centres, and consultants regarding for example new business models, new products and services. The money cannot be used for ordinary operations. Coompanion is established as a national network covering 25 regions in Sweden (see <http://coompanion.se/> – helpyou).

Other organisations involved with social enterprises and social economy, who also have a part in adopting action plans for WISEs, are the National Association of for Social Work Co-operatives (SKOOPI) and Sofisam. SKOOPI is a membership organisation for WISEs. Primarily SKOOPI works to educate its members, and arrange networking events and meetings (see <http://www.skoopi.coop/about/>). Sofisam is a platform where government agencies, municipalities and other interested parties can find information about social enterprises (primarily WISEs). The website contains a list of WISEs as well as information about how to start a social enterprise (see <http://sofisam.se/om-sofisam.html>).

The Swedish Association of Local Authorities and Regions (SALAR) has been collaborating with the Swedish Agency for Economical and Regional Growth in adopting the action plan for WISE. SALAR is an employer and representative association for municipalities, county councils and regions. SALAR does not however provide specific information and/or funding to social enterprises in particular (see <https://skl.se/tjanster/englishpages.411.html>).

Hela Sverige ska leva (All Sweden shall live) is another relevant organisation, with a focus on village development. This is a national association consisting of nearly 4,700 village action groups; the aim is to support local development with a focus on a sustainable society. The organisation offers advice and support to local groups with knowledge on how to create local development. They also work as a lobby organisation to influence public opinion and rural policies (see <http://www.helasverige.se/kansli/in-english/our-tasks>).

In addition, there are a number of organisations that support particular projects aiming to achieve social outcomes. Such funding is directed at particular projects and tasks of a group and/or association, such as funding the construction of village meeting spaces and sports facilities and/or venues.

The Netherlands

In the Netherlands, the main agency supporting CBSEs is the LSA. The LSA, the National Association of Active Residents (Landelijk Samenwerkingsverband Actieve Bewoners), is a platform of approximately 60 resident associations from 38 municipalities in the Netherlands. It is a private non-governmental organisation, consisting of a general director, project managers and support staff, which receives a large part of its funding through the Dutch Ministry of the Interior. Since its inception, LSA has looked for ways to strengthen the voice of residents in neighbourhood (regeneration) policies and to stimulate bottom-up initiatives of individual residents or groups to improve the quality of life in their communities (see <http://www.lsabewoners.nl/en/>).

The RVO is the executive agency of the national government in the Netherlands which is the most important public contact point for businesses, knowledge institutions and government bodies which can be contacted for information, advice, financing, networking and regulatory matters (<http://english.rvo.nl/home/about-rvonl/what-is-rvonl>). (EU, 2014, p. 5). However, their scope is much broader than social enterprises.

Social Enterprise NL (<https://www.social-enterprise.nl/english>) is a fast-growing network of social entrepreneurs established in 2012. Social Enterprise NL represents, connects and supports the growing community of social enterprises in the Netherlands. In November 2016, the number of members stood at 300 SEs.

Apart from providing support, Social Enterprise NL focuses on the local and national government in improving the business environment for social enterprises. Acknowledging that, contrary to many other countries, the Netherlands has no separate legal structure for social enterprises, Social Enterprise NL has published a white paper on a new legal structure as well as instigated the drafting of a Code of Conduct for social enterprises (see <https://www.social-enterprise.nl/english>).

Social Powerhouse is also a support network run by and for social enterprises, although it is less professional and active than Social Enterprise NL. The Social Enterprise Lab (<http://selab.nl/>) brings together students, academics, practitioners, experts and entrepreneurs, focusing on developing or scaling up social enterprises. Their main activity is developing, validating and disseminating knowledge from and about the social enterprise sector, and spanning various domains (including health care and the environment). However, these agencies support social enterprises in general, and do not explicitly mention CBSEs (<http://www.socialpowerhouse.nl/>)

A type of organisation that does not have a formal status but is similar to CBSEs is 'wijkondernemingen' (neighbourhood enterprises). A platform with the same name offers online information (<http://wijkonderneming.nl>). On closer inspection, this reveals various legal forms, including associations, co-operatives, firms and social enterprises. The relevancy of this platform is rooted in the explicit recognition of collective action by neighbourhood residents to improve their living environment or conditions, emphasising small scale action and proximity. This platform makes explicit references to community trusts in the UK.

England

In England, there are a number of organisations operating to provide support and in some cases funding to CBSEs. Social Enterprise UK (<https://www.socialenterprise.org.uk>) is the national membership organisation for social enterprises whereas Locality (<http://www.locality.org.uk>) is the national membership organisation for CBSEs in England with approximately 600 member organisations.

Advice and funding are also channelled through a number of other organisations. Power to Change is an independent charitable trust set up with an endowment from the Big Lottery Fund. Its role is to support community businesses in England over the next ten years. It also funds a Research Institute.

The Heritage Lottery Fund is a source of funding for restoring or converting buildings listed for their architectural or historic importance.

The Big Lottery Fund's £20 million Big Potential Fund (<http://www.bigpotential.org.uk/learn>) is aimed at eligible voluntary, community and social enterprise organisations (VSCEs) to improve their sustainability, capacity and scale and help them deliver greater social impact for communities across England. Big Potential is

administered by the Social Investment Business on behalf of the Big Lottery Fund in partnership with Locality, Social Enterprise UK, Charity Bank and the University of Northampton.

At the national level in England, £30m was allocated to support asset transfer by the Big Lottery on behalf of the Office of Civil Society in 2016. In 2017 Sport England launched a Community Asset Fund of £15m to assist in improving sports facilities and opening access to a wider range of users.

1.9 Support and funding at the local level

There is limited evidence of support at regional or sub-regional levels in the three countries. In the UK powers to support social enterprise are devolved to the four administrations and each has its own strategy and support organisations. In England the 39 Local Enterprise Partnerships (LEPs) support business growth, employment and skills training at regional or sub-regional levels. They tend to be based on local authority boundaries and are normally managed by boards of local businesses, employers and public agencies. An example is in London where there is one LEP covering all 33 city boroughs and a population of 8.6 million.

LEP areas in England have been allocated €6.2 billion (£5.2 billion) as part of the EU Structural and Investment Funds Growth Programme for 2014 to 2020. In November 2013, each LEP published a strategy for how it intends to use the funds. The strategies had to be aligned to the EU Structural and Investment Funds Growth Programme's top priorities: innovation, research and development, support for SMEs, low carbon, skills, employment, and social inclusion. Since their inception, Social Enterprise UK (SEUK, 2013) has worked to support regional and local networks, and social enterprises themselves, to engage with LEPs in each area and help them to achieve their objectives. But funding going to SEs or CBSEs is a very small proportion of the allocated total.

There is no evidence of similar sub-regional bodies with a particular focus on SE or CBSEs in the Netherlands or Sweden.

1.10 Local authority support for CBSEs

Local authority support for CBSEs is uneven and often inconsistent between different areas in all three countries. Much depends on local conditions and whether effective contacts with political representatives or local authority officers can be secured over extended periods of time. Many CBSEs feel that their role and needs are poorly understood and therefore rarely addressed by local government.

In England, there is little direct funding for core services for CBSEs and what was available has declined since austerity was introduced after 2008. But support can come in a variety of forms depending on local circumstances:

- Transfer of assets (land and buildings) and registering assets of community value;
- The award of service contracts;
- Technical support in arranging contracts, leases etc.
- Grants and loans (often at very low rates of interest);
- Assistance with applications to other organisations, including match funding.

Levels of support vary in different locations but some local authorities, such as Plymouth and Hull, have a good record of supporting community enterprise based on political commitment and contact with various forms of social enterprise over a number of years. Local authorities are also applying the principles behind the Public Services (Social Value) Act 2012 and one in three (33%) now routinely consider social value in their procurement and commissioning, and one in four (24%) have a social value policy (SEUK, 2016).

In the Netherlands, a panel study (Kleinhans *et al.*, 2015) analysed the local policy context of CBSEs. Partly as a result of the absence of a national policy framework, there are significant differences in the ways in which local governments/local authorities define and assess (CB)SEs. In line with the white paper 'Do-It-Yourself Democracy' (BZK 2013), some local authorities choose to frame CBSEs in the context of active citizenship, with a consequence that distinctions between social enterprise, co-operatives and societal organisations are not clear. Hence, support varies between local authorities, both in terms of content and finance. The extent to which local authorities are supportive towards CBSEs appears largely dependent on the opinions of individual officials (local aldermen) and senior civil servants who are well positioned in the organisation to act as a 'broker' between CBSEs and the authority. The City Network G32 is now trying to foster and design social entrepreneurship within the jurisdictions of the 32 largest cities, to stimulate a 'social entrepreneurial-friendly ecosystem' (G32, 2017). However, it is not yet clear how this will translate into concrete measures.

In many cases, CBSEs receive financial support from either local authorities, housing associations or both. Usually, this funding comes in the form of a (temporary) subsidy or discounts on rent prices of real estate (such as empty schools or care homes). In some cases, local authorities commission CBSEs to deliver certain services, such as maintenance of green spaces. In the latter case, funding is an integrated part of the business model of the CBSE.

In Sweden, there are 290 municipalities and 20 county councils/regions. The municipalities and county councils are encouraged to support social enterprises but are not required by law to do so. There is also no requirement to have a special unit and/or administrator dealing with social enterprises. However, a number of municipalities have created a specific policy as to encourage the development of social enterprises and also offer support in the form of pairing with Coompanion who have a network of 25 offices throughout Sweden.

1.11 Conclusions

Definitions

The terms used to describe the social enterprise sector are not clearly defined and may vary according to changing political perspectives and priorities over time (see Teasdale, 2011). However, funding and support organisations often develop their own definitions and funding criteria. In general, CBSEs provide a range of commercial services and non-profit activities, often involving cross-subsidisation, in order to deliver social, economic and environmental benefits for populations in defined neighbourhoods.

The balance of activities

CBSEs in all three countries strike a balance between non-commercial, community development – related activities and commercial trading operations which may produce a surplus. Many organisations in all three countries often begin as community development organisations but gradually take on assets or service contracts which increasingly represent a source of income and thus relative autonomy. Much depends on overcoming the barriers to acquiring assets and identifying the levels of assistance provided by public bodies and support organisations. The risks of taking on commercial activities can be high and some organisations may be unwilling to accept these risks in the early stages of development.

National policy framework

It is clear from this short review of the UK, the Netherlands and Sweden that, despite seeing the potential for growth in this sector, all three countries lack a clear policy framework for social enterprise and in particular CBSEs. Responsibilities are also divided between several different government departments and with sometimes unclear ministerial accountability.

The creation of new CBSEs is dependent on local initiatives and activities of highly-motivated local groups; in none of the three countries are there any policy incentives to locate in areas of deprivation or regeneration (Crisp et al, 2016). The policy objectives adopted by particular CBSEs depend very much on the views of the membership and priorities identified in their area.

Legal frameworks

In all three countries CBSEs may adopt a number of different organisational entities in order to provide financial protection to board members.

Distribution

In England (and the UK) there is a critical mass of well-established and financially sustainable CBSEs, although the distribution is uneven. The development of the sector in the Netherlands and Sweden tends to be more recent and as a response to financial restraint and a general trend towards neo-liberalism in European states. Interviewees suggest that CBSEs in these countries thus tend to be fewer and smaller.

Support organisations

All three countries have a range of national support organisations which provide services including membership, technical and legal advice, research, publications and access to specific funding programmes. In some cases, as in the UK, these organisations are designed to service particular sub-sets of the wider 'social enterprise' sector but newly established organisations are not always fully aware of what levels of support are available.

Local government support

In all three countries, local authorities have limited powers or resources to support CBSEs. Much depends on personal contacts through political representatives or highly motivated officers.

The lack of clear national strategies reflects the relatively small part of the total national economy represented by SEs. On the other hand, the absence of a national policy can be seen as an opportunity in that it gives the sector more freedom and flexibility to genuinely reflect the priorities and needs of particular areas and to grow sustainably in order to meet local needs. In addition, a major influence on how CBSEs develop is the range of funding bodies in each country, the ability to acquire assets and their particular priorities. A unique feature of CBSEs is the extent to which they are 'locally rooted' in terms of governance by local people.

2. Key characteristics and findings from the case studies

🇬🇧 2.1 England

2.1.1 Origins and development

All three English case studies were launched by small groups of activists who had a mission to meet certain needs and to deliver certain services in their area of operation. It was often the case that decisions made in the early days largely determined the future direction of the organisation. It was usually a local issue which triggered local activity leading to the organisation being set up. For example, the chief executive of *Goodwin Trust* describes how the group started in 1995 as a protest over the proposed development of a piece of open space. Members of the local community ‘... persuaded the council to give them an empty shop. The organisation became what came through the door. The organisation just responded to need. They started a job club, computer programme. They persuaded the Council to employ someone to do a business plan and that was me. I was given a three-month contract’.

Millfields Trust emerged slightly differently when a large amount of floor space became available after the local authority took control of a former naval hospital in the area. Four units were transferred to the Trust on beneficial terms to be let as work space for small businesses. Other buildings and sites on Union Street were later leased to the Trust and some have been redeveloped. Likewise, *OrganicLea* began when a small group of horticulturalists took over some unused allotments.

All three organisations have clearly defined core values of: enabling residents to meet local needs; becoming self-sustaining and thus independent of other interests; and promoting a philosophy of community organisation as the best way to bring about social, economic and environmental change.

2.1.2 Defining objectives

The main objectives tend not to change much after the organisation is established although new funding opportunities or assets may steer the organisation in a particular direction. All have faced major challenges associated with rapid changes in policy at central and local levels, high levels of risk in accessing funding, borrowing money or taking on new assets; and difficulties in sustaining the organisation in both commercial and community-oriented activities.

CBSEs can be opportunistic if new opportunities arise or new funding streams become available but tend to continue to operate in similar policy contexts. In most cases this might be a contract to deliver a new service such as a nursery, or an asset which becomes available and which can be acquired at a reasonable (below market value) price, such as a church to be converted into a performance hub and ‘village green’ as with the *Goodwin Trust*.

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Both *Goodwin* and *Millfields* identified areas of benefit in inner city locations; *Goodwin* is based on the Thornton estate in Hull which is surrounded by four main roads, *Millfields* operates in the Stonehouse neighbourhood of the St. Peter's and Waterfront ward of Plymouth. *OrganicLea* uses a less clear set of boundaries in the London borough of Waltham Forest.

2.1.3 Organisation and management

All three CBSEs are independent self-managing organisations. *Goodwin* and *Millfields* both have a board of management chaired by local residents and with a broadly representative group of members who may be elected. *Millfields* board includes two ward councillors and a representative of business tenants. These CBSEs then employ a chief executive and other staff to manage the organisation. While *Millfields* has set up a charity to improve knowledge of work in primary schools in the area, *Goodwin* has set up two subsidiary companies: *Goodwin* Community Trading Ltd with four directors as well as becoming a registered housing provider which is constructing 41 homes in the area. *OrganicLea* is a workers' co-operative where those employed on contract for eight hours or more per week become co-op members. All three case studies are companies limited by guarantee. *Goodwin* is a registered charity while *Millfields* has set up a separate charity, *Millfields* Inspired. *OrganicLea*, on the other hand, is not a charity.

In general, the boards are responsible for setting out the strategy, monitoring performance and making major decisions about financial investment, borrowing and auditing. Employees take responsibility for day-to-day decision making and implementing the strategy. The chief executive plays an important role in acting as a bridge between the staff and the board, representing the organisation externally and identifying new opportunities sometimes in collaboration with other stakeholders in the area. This might also include assisting in the formation of CBSEs or social enterprises elsewhere.

2.1.4 Business model and funding

All three case studies meet the definition of 'hybrid organisations' in that they pursue a dual mission of financial sustainability and social purpose. These 'institutional logics' can be complementary but are often in conflict thus providing a further source of risk to the survival of the organisations. Thornton and Ocasio (1999: 804) define institutional logics as "the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organise time and space and provide meaning to their social reality."

In the early years all three case studies depended heavily on a variety of subsidies and public sector grants and loans and local authorities often provided relatively short leases on below market rents. Where available, grants from regeneration programmes were also accessed. This was clearly set out by the chief executive of *Millfields*:

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'The Trust formed itself as a company limited by guarantee in 1998 and I was appointed in 1999 so it took a couple of years to get established. There was more funding then, such as the Single Regeneration Budget.² It was an opportunity to draw down money from several sources such as English Partnerships, as the [Royal Naval] hospital closed. These and European money were used to purchase and refurbish the buildings and to find a bit of revenue to employ the first members of staff.'

As they proved their viability, leases were often extended and additional assets were transferred. In addition, the case studies made good use of other public sector funding sources: European Regional Development Fund, Local Enterprise Partnerships and third sector sources such as the Heritage Lottery Fund and Power to Change. Where necessary, commercial loans were negotiated but only on the basis of well-constructed business plans and backed by property offered as collateral.

As a member of *OrganicLea* made clear, trading projects often also enable other services to be provided, such as for those with learning difficulties: 'We have lots of volunteers, some with learning difficulties. It would not run on its own commercially and staff are geared to managing the volunteers. We've had funding from the City Bridge Trust to support this. Those grants are increasingly hard to come by.'

In all three case studies a complex but balanced business model is operated. Trading opportunities tend to be exploited where they fit with the core objectives and where they generate a surplus which enables the non-trading activities to be undertaken or expanded.

2.1.5 Context

All three case studies are part of a complex network of local and national organisations with which they collaborate, are funded or provide practical support. *OrganicLea* is supported by and works with a variety of organic horticultural organisations in London and the east of England, such as Farm Start and London Grown, and has been funded by Power to Change. *Millfields* and *Goodwin* are members of *Locality* but are also active members of social enterprise networks in Plymouth and Hull respectively. In all three cases commercial income comes from services provided, such as the cafe, market stall and veg box scheme provided by *OrganicLea* and commercial rents in the case of *Millfields* and *Goodwin*. All three also run contracts for local government and other agencies and make use of grants from charitable organisations. *Goodwin*, for example, rents out 50 houses and also received a large capital grant from the Homes and Communities Agency and a local authority loan to build 41 homes which will also generate an income from managing these. It is also funded by the Arts Council and the Hull City of Culture programme. While public sector contracts can generate an income, rapid changes in funding policy in the public sector can be a serious risk factor which requires CBSEs to be highly flexible and responsive to changing circumstances.

² A central government funding mechanism to support local projects which ran from 1995-2001

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Thus all three are part of an evolving network of different kinds of formal and informal relationship with a variety of agencies and organisations where there are mutual benefits arising. All are 'hybrid' in that they aim to balance commercial and social objectives in order to achieve organisational sustainability and growth. All also seek out new opportunities to take over assets which will increase financial sustainability in the longer term and thus represent examples of new forms of urban governance under austerity (Pill and Guarneros-Meza, 2017).

2.1.6 Accountability and representation

There are many different interpretations of accountability and representation. None of the case studies would claim to be a democratically elected, representative body for their neighbourhood; instead they see themselves as running a business to the benefit of the wider community. Because they are well-established local agencies, they may be consulted informally and can sometimes be invited to bid for contracts or assets because of their known track record. Some may also co-ordinate a systematic assessment of local needs and develop policy towards meeting these. *Millfields*, for example, is investigating the acquisition and management of affordable housing in the area while *Goodwin* is co-ordinating the preparation of a neighbourhood plan based on extensive local consultation. On the other hand, *OrganicLea* is located on the fringes of east London and focuses entirely on developing its organic food and horticultural role.

In terms of publicising their role, these cases tend to rely on traditional methods, such as annual general meetings, a website, annual reports and not least having local residents on the management board. *Goodwin* is the only one of the three to invite membership of the organisation which is open to anyone over the age of 18 who lives in the area. *OrganicLea* is different in that it is a workers' co-operative and thus board members are also employees. All also encourage a mix of volunteers who often provide informal feedback on the role and activities of the organisations.

Funding bodies receive regular reports and informal meetings but none of the case studies apply continuous and systematic methods of monitoring and evaluation – this is achieved through regular reports to the management board. The feeling is that things change too rapidly and there is neither the time nor staff resources to carry out a detailed evaluation. There are always new funding applications to be made and management issues to be resolved. A series of projects are also at different stages of development and/or completion and it is not always clear at which stage they should be evaluated.

2.1.7 Leadership

Leadership and entrepreneurship are hard to define in this context since CBSEs like to portray themselves as organisations based on equity, equal opportunities and collective endeavour. In practice strong alliances often develop between the chief executive and the board and the chairperson in particular. The chief executive may also be responsible for setting up and maintaining networks with organisations which might share similar interests or could become future collaborators. In some ways the relationship is similar to that in the private sector or in local government where building a relationship of trust and mutual understanding between key decision-makers is very important. This can prove

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very effective and resilient particularly where relationships develop over a long period of time. Thus in both *Millfields* and *Goodwin* the chief executives have been in post since the beginning and the chairs and some board members have a long record of involvement. *OrganicLea* was started by two people with a passion for horticulture and they are still actively involved.

It is normally the chief executive who is responsible for developing the external profile of the organisation, engaging with wider local and national networks and identifying new opportunities and projects. These then need to be discussed more widely with staff and board members so that a consensus emerges about how the organisation should be promoted and which objectives should be pursued in future. This process of identifying opportunities, packaging projects and proposals in order to be most attractive to funders, and identifying partners to enhance the offer, can be described as 'entrepreneurship' in this context.

2.1.8 Prospects for growth

CBSEs may be cautious about expanding too rapidly and diluting the original set of core values which launched the organisation in the first place. A variety of opportunities for growth may arise and each has to be carefully evaluated by balancing the risk against potential benefits. Institutional logics are an important factor here in that choices sometimes have to be made about being more commercial to generate an income in contrast to devoting more resources to non-commercial, community-orientated activities.

All three English CBSEs were largely dependent on low cost and short term leases and soft loans in the early years. Over time longer term leases or freehold acquisition can be negotiated enabling expansion of activities and redevelopment to occur. Both *Millfields* and *Goodwin* have redeveloped part of their estate for higher value uses which is also allied with their social remit. *OrganicLea* has negotiated acquisition of a further set of glasshouses with another London borough and hopes to replicate a similar organisation there. The trend in all three cases is on a gradual expansion of commercial income.

2.1.9 Conclusion

The English examples emerged out of the philosophies and practices of community development and a tradition of mutual, co-operative organisations which have been established since the nineteenth century in a variety of legal and organisational forms (Spear et al, 2017). CBSEs have expanded in number since the 1990s where austerity and state retrenchment has affected communities particularly severely. Each necessitated a synthesis between commercial and non-commercial activities whereby trading for commercial gain could be justified if it supported legitimate and much needed non-trading, socially orientated objectives.

The Netherlands

The three English case studies broadly reflect the culture and traditions of social enterprise and community development which have evolved over 50 or 60 years, but also include more recent developments towards innovation and entrepreneurialism. They are driven by principles such as equity, independence, community control of resources and the devolution of power and control to the local level. *OrganicLea* has an additional set of values promoting health, good quality food grown locally and a commitment to training and the engagement of volunteers. They are also innovative, socially entrepreneurial, and require a complex set of skills in order to balance the competing logics of trading and non-trading activities.

2.2 The Netherlands

2.2.1 Origins and development

All three Dutch CBSEs started with small groups of active residents who had previously been involved in the wider regeneration of their neighbourhood. The three neighbourhoods are characterised by high levels of unemployment, poverty, dependency on social benefits, low levels of education, low levels of Dutch language fluency, and a high ethnic diversity, resulting in social tensions between resident groups.

The CBSEs focus on socioeconomic issues such as work experience, the local economy and 'liveability'. Two CBSEs (*SBZ – SBZ*, and *BBC – BBC*) were able to take over the management of assets (neighbourhood centre and former elderly care home), while the third actively lobbied the local government to take over assets (a vacant kindergarten building). One CBSE (*Bewonersbedrijf Malburgen – BBM*) aims to provide affordable housing to low-income people with various backgrounds.

All the CBSEs actively endorse the notion of their building functioning as a low-key meeting place for neighbourhood residents and offer spaces to develop activities and opportunities for education and work (experience) training.

2.2.2 Defining objectives

All Dutch CBSEs stated that their core objectives have not changed over the years since the start of the business. This stability exists despite a number of challenges posed to the CBSEs. These challenges are as follows:

- Maintaining sufficient staff capacity and in particular fully managed boards. During the investigation underlying this report, two of the three Dutch CBSEs had vacancies in the board;
- Recruiting, managing and keeping sufficient numbers of volunteers to initiate and conduct all activities that support the core objectives of the business;
- Keeping the core values alive and sharing them with all staff members, including volunteers that may lack basic skills related to running activities, let alone a business;

The Netherlands

- Achieving financial stability; only one of the CBSEs has a strong asset base that guarantees a stable income source in the coming years (see the section on Business model and funding for more information);
- Attracting neighbourhood residents into CBSE buildings and making the organisation known among the residents.

2.2.3 Organisation and management

All Dutch CBSEs have chosen a *'stichting'* or foundation legal and organisational model as advocated by the LSA. A foundation does not endorse membership, but requires CBSE boards to formulate byelaws and to discuss the CBSE's objectives, activities and performance with members of the target neighbourhood. From a financial point of view, the status of foundation enables CEs to apply for an ANBI-status at the national Tax Authority, registering them as 'institutions working for a general (public) benefit' (*Algemeen Nutsbeogende Instelling*). Inspired by British experiences, LSA (see section 1) has developed a basic organisational model for CBSEs. While the majority of board members should be residents from the target community, external experts can also be recruited. Two of the Dutch CBSEs studied here struggle to fill such vacancies. Even if the board is fully manned, such as in the *BBM*, managing the CBSE remains a challenge in terms of arranging and allocating all work, especially considering the limited extent to which people outside the core of the CBSE are willing to take responsibility;

'This is exactly the problem, many people have ideas, but people do not act, who is going to do this, and yes, it's very uncomfortable to say to someone with a really good idea, 'please come here and make it so', because they always take the view that we or I or whoever must do that for them.' Secretary of the board, BBC

In all three cases, volunteers have an indispensable role in the daily running and management of the CBSEs, because there is usually only one member of paid staff.

2.2.4 Business model and funding

The three Dutch CBSEs reveal significant differences in terms of their money-making activities. They have all chosen the foundation (*stichting*) with an ANBI-status, which means that donors can subtract donations from taxes, and that CBSEs can give small (tax free) allowances to volunteers. The LSA offers new or establishing community enterprises the opportunity to apply for a starting grant if they submit a business plan which is approved by an external evaluation committee. Two of the three Dutch cases have made use of this offer.

All Dutch CBSEs rent out working and living spaces from their assets to generate an income. The CBSEs themselves rent the building from a housing association or local government (based on a reduced rent price), or manage this asset for the local authority. However, there are large differences in the extent to which this financially sustainable.

Until recently *SBZ* ran two community centres, including the one in which they are based themselves. In May 2017, the local government of Zaanstad and the *SBZ* jointly decided that *SBZ* will gradually withdraw from the community centre in which they are based, as they can no longer afford to be there both in terms of

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finance and staff capacity. This is partly because it has not succeeded in raising sufficient income from rent.

The *BBC* is also struggling. While it pays a low rent to the local government, it still has to pay for utility, heating and upkeep. An unexpected threat to the business model is the renovation of the roof of the building which is likely to be expensive.

In the *BBM*, the situation is completely different. Even though many tenants in the 'Bruishuis' (a former care home owned by the *BBM*) pay a reduced rent, the rental income from the 130 units is sufficient to pay the rent to the housing association (Volkshuisvesting) and to cover maintenance costs. In fact, the *BBM* made a profit in 2016. This CBSE appears to fully match the definition of hybridity, because its social objectives are strongly related to their financial aims; renting out the units at a reduced cost is directly supporting their social mission.

Two of the three CBSEs carry out commissioned work for the local government. Both the *SBZ* and *BBC* target unemployed people on social benefits and recruit them volunteers. The local government provides funds so that these people can be supervised by the institutions for which they volunteer. *SBZ* is the first CBSE in the Netherlands to act as a sub-contractor in the so-called 'social neighbourhood teams', which bring together professionals from certain disciplines to target social problems in a specific area. The local government pays two full-time staff members from *SBZ* in these teams. In addition, *SBZ* is also undertaking commissioned work for housing associations, such as painting the staircases of apartment buildings.

There are significant differences regarding the use of subsidies and grants. For *SBZ*, a quarter of the total income consists of local government subsidies. The *Bewonersbedrijf Malburgen* started out with a seed grant from LSA and a subsidy from the national Doen Foundation, but now refrains from applying for any subsidy. In contrast, the *BBC* pays substantial attention to fundraising and subsidies with external grants having been their main source of income from the start.

2.2.5 Context

The most elaborate form of Dutch CBSEs are bewonersbedrijven, which are very specific and local forms of social enterprise that were established in 2011 (see <http://www.bewonersbedrijven.nl>) by the LSA. However, there are big differences regarding the extent to which the three CBSEs work as part of a wider 'eco-system' including local stakeholders.

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The *SBZ* has an intensive co-operation with several local government departments. As a sub-contractor in the ‘social neighbourhood teams’ it is able to develop a contractual relationship with these departments, which is more business-like than simply offering support for local initiatives. The same applies to the *BBC* whose board members have several points of contact within the local government.

However, the *BBM* aims to limit co-operation with other partners to those actors who either rent accommodation within the ‘Bruishuis’, or with those groups that receive donations from the CBSE. In line with their dominant philosophy of independence, *BBM* rarely seeks contact with important local stakeholders, because it can achieve its objectives without support from the local government.

2.2.6 Accountability, representation and monitoring

All three CBSEs aim to function as a local platform that facilitates bottom-up initiatives. *SBZ* emphasises its function as a connector between bottom-up initiatives in the municipality, but like the *BBC*, the fact that few people are willing to take on responsibilities is a complex issue to deal with. Again, the approach of *BBM* is slightly different. This CBSE connects various care providers (not residents) in one location. On the ground floor of the ‘Bruishuis’, the so-called ‘care street’ hosts a number of local care organisations, the social neighbourhood team and the neighbourhood management team of the local government. By providing accommodation to self-employed people and associations who offer various recreational activities, physical exercise, do-it-yourself or other social activities, the *BBM* assists small businesses to make a living and serve the interests of the neighbourhood.

According to the research literature, CBSEs are defined as independent, not-for-private-profit organisations that are owned and/or managed by community members, and are locally accountable and highly committed to delivering long-term benefits to local people. Many elements in this definition are applicable to the three case studies, but the matter of local accountability seems to be an exception. If CBSEs should be accountable, the pertinent questions ‘to whom?’ and ‘how?’ still remain.

There are relatively straightforward procedures for financial accounting to the national tax authority. Because the foundation (*stichting*) is the legal basis of Dutch CBSEs, they are obliged to establish byelaws (*statuten*). Byelaws require CBSEs to have meetings with residents to discuss objectives and activities. However, this is a bridge too far in all three case studies, for various reasons;

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'Then you indeed need to organise residents meetings in which you give an account of your activities and plans, but hey, people in our neighbourhood are not interested in this at all. What we do, if we have resident meetings with a specific theme, then we include this accounting into the meeting, but as a very small part. In our newspapers and other publications, we are accountable as well, but to be honest, if you read what our byelaws say about we should actually be accountable, we are not doing that.' Chairman, SBZ

The *BBM* has a more fundamental philosophy with regard to accountability and involving residents and other local actors.

'To anyone who wants to hear it, we tell our story. But I don't consider that as accountability, it's just informing. If I am obliged to be accountable to you, that will be legally established in advance. But what really gets my goat if you start meddling with our policy and operational management. If you have one member that can organise resistance, a 'trade union leader', then you are lost. With an annual turnover of almost €700,000 we simply cannot take the risk.'

Lead entrepreneur, *BBM*

While informing local residents is a clear strategy, the *BBM* considers this is neither accountability nor accepts any attempt from residents outside the board to affect the running of the business.

With all the CBSEs having clear objectives for their business, a question is to what extent do they review their performance. The interviews have shown that they are barely in a stage of systematically monitoring *outputs*. In the *BBM*, monitoring is embedded in daily routines. Two caretakers, who also live in the building, keep an eye on everything in the 'Bruishuis'. In the *BBC*, all those involved are thinking through how to evaluate, but this requires them to establish a definition of successful performance.

2.2.7 Leadership

Both the paid staff and volunteers of the three CBSEs are well aware that all hands are needed to keep the business running. All have objectives but also implicit or explicit core values. The core values not only relate to the target community, but also to the values that all staff members should adhere to, in terms of, for example, gender equality and non-discriminatory behaviour. It requires leadership to keep these values alive and established as a shared asset of all staff members, but this is not easy:

'It's the concept of social inclusion... if you want to achieve something and you do your best, then you are welcome here, and this is what we need to keep alive by conversation. We, as core volunteers, coordinator and board members, we must do this consciously, but it raises a challenge... especially with all volunteers who are not really into words, reading and writing, so we have to do it in a different way.' Secretary of the Board, *BBC*

2.2.8 Prospects for growth

The Dutch CBSEs have different business models and their evolution hitherto results in significantly different prospects for growth. It appears that the *SBZ* has reached an at least temporary ceiling regarding growth, reflecting both the difficulty of making money and limited staff capacity for both operations and management.

In Arnhem, the *BBM* has reached a stable situation that provides a clear basis for the coming years. With all rental units occupied and plenty of opportunities to fill vacancies, this CBSE seems assured of a steady income in the coming years. A growth area may be small-scale service provision if sufficient staff or volunteer can be engaged to take this on.

The board of *BBC* is grappling with a fundamental tension. On the one hand, it fears a loss of its social objectives if the organisation ‘professionalises’ its activities and shifts the balance towards trading and commercial activities. On the other hand, the treasurer emphasises the need for a more “entrepreneurial, business-like approach” (a *BBC* director) that brings in money to secure its future.

2.2.9 Conclusion

In the Netherlands, CBSEs are considered as a new form of self-organisation and public management, through being self-sufficient and independent from government, while simultaneously aiming for strategic alliances with governments and other stakeholders. While it is too early to identify a definitive CBSE model in the Netherlands, there are many recurring challenges in relation to CBSE practices:

- Many CBSE start-ups that arise from an existing resident platform struggle with developing entrepreneurial skills that are required to develop the business-related components of the CBSE;
- The national government lacks a clear policy framework for social enterprise and in particular CBSEs, so there are no directions for further development of the sector;
- Despite local governments’ positive attitudes, research has shown them to support and simultaneously resist ‘disruptive’ entrepreneurial actions from citizens, despite efforts by collaborating agencies (boundary spanners) to prevent or mitigate this resistance (Kleinhans, 2017);
- Expectations may be too high; CBSEs are expected to develop quickly and many stakeholders are looking for ways to achieve this. However, the growth potential of Dutch CBSEs is limited by difficulties with recruitment of volunteers with suitable skills and experience.

The CBSE approach in the Netherlands can be considered innovative and entrepreneurial in the sense of it managing and integrating two institutional logics – the need to conduct trading and non-trading (i.e. social) activities in order to keep organisations financially viable. It remains to be seen whether the majority of recently started CBSEs will successfully navigate a way through these challenges.

Sweden

2.3 Sweden

2.3.1 Origins and development

Two of the Swedish CBSEs, *Yalla Trappan* in Malmö and *Roslagskrafterna* in Norrtälje, are organised as workers' co-operatives, aiming to provide work and/or on-site job training for people who have had difficulties fitting into the labour market. Hence, the intended beneficiaries in the two co-operatives also own the organisation. Both cases originate from work integration projects (WISE) but wanted to achieve a more long-term sustainable financial model. *Yalla Trappan's* trading activities primarily consist of catering, café, cleaning services and study visits. *Roslagskrafterna's* trading consists of cafés, a second-hand shop and repair services.

The third CBSE, *Nya Rågsveds Folkets Hus (NRFH)* in Stockholm, is a local meeting space which encourages and promotes active citizenship, but also offers on-site job training as part of their mission. It is owned by other associations and organisations in the community. This CBSE originates from the 1970s, when a group of young people protested against the lack of meeting spaces in the local borough. The commercial activities are primarily renting out space, a café and a second-hand shop. The non-profit activities target the local community and include free meeting space for smaller non-profit organisations, advice and help to set up organisations, and to offer a place to come together during Christmas Eve for those who are isolated and lonely.³ The objectives of the CBSEs are to various degrees related to work (and work experience), empowerment, integration and increased liveability.

All three cases have their roots in either the labour movement and/or the co-operative principles, which previous research has argued are common among social enterprises in Sweden (Gawell *et al.*, 2014, Gawell, 2015). Within the two largest organisations, the founders clearly stated that their experience of the labour movement and the Social Democratic Party had an impact on how and why they had an interest in running a CBSE.

Yalla Trappan and *NRFH* are situated in boroughs close to a larger city. The areas share similar challenges with of the wider immigrant population; a high degree of unemployment, and high levels of young people dropping out of school. *Roslagskrafterna* is situated in a municipality of around 60,000 inhabitants. A low level of education amongst the population and an above average number of citizens on early retirement benefits⁴ are challenges for the municipality.

2.3.2 Defining objectives

The overall objectives of the CBSEs have stayed the same, but for *Yalla Trappan* and *NRFH*, the largest and most experienced of the three, it can be said that the scale and scope of their practices are changing and that they are in a mode of transition. *Yalla Trappan*, with its objective to empower immigrant women with job opportunities, is no longer as place-bound as it was in the initial stage. The women's co-operative has turned into an organisation with a concept and practices that can be transferred to other places with similar problems and groups of beneficiaries.

³ In 2016, 700 food plates were served.

⁴ <https://www.ekonomifakta.se/Fakta/Regional-statistik/Alla-lan/Stockholms-lan/Norrtalje/?var=17256&compare=1>

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Hence, the organisation has changed from being based in a particular community in terms of area, to entering into an idea-based community where the concepts and practices can be introduced in other Swedish municipalities. An additional change is the partnership with larger business actors to create more jobs and on-site work training. In the case of *NRFH*, there has been a shift in aims from bringing people into the building to that of moving the activities of the organisation out of the building and into other spaces, for example experimenting with vegetable cultivation.

2.3.3 Organisation and management

All three cases differ in their methods of organising their activities and legal status. *Yalla Trappan* and *NRFH* are non-profit organisations. However, *NRFH* has also transferred some of its activities into other legal structures, such as a foundation and a limited company, to separate the different activities financially and legally. This, according to one interviewee, leads to “creating flexibility and opportunity to more easily cease activities that are not working”. For *Yalla Trappan*, using the legal structure of a non-profit organisation has positive advantages – for example, according to the chairperson, it gives the organisation credibility. Although *Yalla Trappan* has the legal structure of a non-profit organisation, the CBSE defines and organises itself as a co-operative. *Roslagskrafterna*, which is the smallest and youngest case, has the legal structure of an economic foundation. However, it defines and organises itself as a workers’ co-operative with a social aim; profits are re-invested in the members’ organisation and local charities.

In all three cases the chairperson plays an active role in their organisations. In *Yalla Trappan* and *NRFH* the chairpersons are also directly involved in many of the activities. Furthermore, in both organisations the chairpersons have changed working voluntarily to being paid. In contrast, in *Roslagskrafterna* the chairperson is gradually withdrawing from daily activities and only assists in the weekly work meeting and chairs the monthly board meetings.

2.3.4 Business model and funding

All three organisations have several income streams to ensure financial sustainability. Little of the organisations’ revenues come from grants⁵ and all stress the importance of their activities needing to be self-sustainable, or otherwise discontinued. The cases fit the description of hybrid organisations by mixing not-for-profit and for-profit elements (Dees, 1998; Pache & Santos, 2012). The hybrid organisation model is particularly reflected in the co-operatives. Sometimes the CBSEs have to refuse a member employment due to insufficient revenue streams. In one of the cases, this is sometimes handled through sharing and dividing positions (job-sharing) if this possible. Hence, it is possible to see some of the conflicting institutional logics that appear in hybrid organisations (Pache & Santos, 2012); they are there to do good by including and emancipating the beneficiaries, but with a for-profit logic. This can at times create tensions in decisions and delivery regarding what is marketable, the level of service, price and efficiency.

⁵ The CBSEs sell on-site job training, including supervision, and define them as payments, and not grants from the employment service agency.

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Increased flexibility and independence are key benefits of being financially self-sustaining compared to receiving grants, according to *NRFH*. On the other hand, grants are still part of the funding model but are treated and presented more as a platform to promote the organisation's ideas and local activities. Being more business-like and achieving sustainable financing is in line with the initial conditions for setting up the organisation. Increasingly, revenues generate a large surplus so that they can also be used to fund other projects in the local community.

2.3.5 Context

The two more established CBSEs, *Yalla Trappan* and *NRFH*, can be portrayed as actors that have high credibility in the community and with the local councils as well as local businesses. As such they can both initiate and/or participate in larger commitments. One example of this is the urban cultivation experiment by *NRFH*, which includes other actors, such as the city council, the business region development organisation, commercial companies and real estate owners. Another example is that of a new version of the *Yalla Trappan* model which the municipality has requested to be set up in Malmö city centre. This enterprise is visited by officials from other municipalities who come to study the 'Yalla Trappan way'. The chairperson has also been invited to meet government ministers to discuss matters of social enterprise in Sweden. They have also established a business relationship with the local IKEA store in Malmö and offer alterations to textiles for IKEA customers. This is a unique relationship since IKEA do not allow other organisations to work in this way.

The most recently formed CBSE, *Roslagskrafterna*, has a close relationship with the employment service agency and *Coompanion*, the business advisor for co-operative start-ups. *Coompanion* has been an important contributor to knowledge regarding business know-how for the co-operative. *Roslagskrafterna* is also experiencing increased credibility within the community. This has opened up opportunities for collaboration with the local recycling company, as well as being trusted to take over a café that was previously operated by another social enterprise which closed.

2.3.6 Accountability and representation

All three CBSEs have several channels for publicising their role including annual reports, meetings, websites, interaction on social media sites and having local representatives on the board. It is, however, only the women's co-operative that openly and visibly provides the opportunity for the public to become members of the organisation. The other two are also membership-driven; *NRFH* only targets other organisations, of whom the majority are non-profit-making, and *Roslagskrafterna* is open for people who work in the organisation, either as 'working owners' or beneficiaries. Neither of them claims to be representing the local community as a whole but stress that they are part of the local community. They emphasise the importance contributing to the local business life in the community, and of linking the CBSE members' skills and knowledge, and business opportunities, to the local market. One such example is 'tours of the borough'

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that include the local shops. *NRFH* also uses the local community announcement boards on a weekly basis to communicate with the community. In the case of *Roslagskrafterna*, the question of local accountability and representation is related to the members of the social enterprise and not the community at large.

2.3.7 Leadership

All the cases have a manager for each project even though each may be small in terms of numbers of staff required. This is in line with the idea of sharing and dividing responsibility amongst many of the members involved in the organisation. However, it is also very clear that the chairperson in each case has a major role in setting the organisation's culture. They take part in some of the day-to-day activities as well as developing the continuing strategy for the organisation. This has recently changed for *Roslagskrafterna*, where the chairperson has gradually withdrawn as other members gain more experience of running an enterprise. The members of *NRFH* had previous experience of bankruptcy, and when setting up a new organisation decided that the chairperson must have an operative role. The decision-making process regarding member representation was also changed at this time, and potential board members' skills and knowledge became more important.

The entrepreneurial approach of all three cases can be described as a process of 'effectual reasoning' during the set up and development the organisations (Sarasvathy, 2008). The three cases have started with a particular set of objectives and then allowed business goals to emerge depending on a) who they are, b) what they know and c) whom they know. Sarasvathy (2001) describes the process as follows: 'Plans are made and unmade and revised and recast through action and interaction with others on a daily basis. Yet at any given moment, there is always a meaningful picture that keeps the team together, a compelling story that brings in more stakeholders and a continuing journey that maps out uncharted territories.' (p.3) For all three cases, their compelling story is the social aim that guides them, whereas the activities from which the revenue stems are created through interaction with their members and other stakeholders.

2.3.8 Prospects for growth

An uncertainty regarding the future of state policy outlines for work integration social enterprises was a concern for co-operatives' future directions and existence. Other than that, time was the largest concern with regard to growth. A struggle for all the cases, when looking at the work integration activities, is the staff's ability to increase the number of activities and/or expand the customer base. In *Yalla Trappan*, which has had a growth rate of 30 per cent every year, the chairperson argued that growing was not a priority in itself; growth needed to be related to the members' ideas, skills and capacity as well as a demand for the service or product locally. In addition, the same CBSEs formulated a 'co-operative model' that can be transferred and implemented in other regions in Sweden and are also growing in this sense. As for *NRFH*, the urban cultivation project allows the organisation to expand outside their original premises.

2.3.9 Conclusion

There is a consensus in Swedish research that the business communities' for-profit logic has had an increasing impact on the non-profit organisations' way of organising, executing and talking about their activities (Gawell, 2015; Berglund *et al.*, 2012; Stryjan, 2006; Trädgårdh, 2007; Wijkström, 2004). It is likely that an increasing number of non-profit organisations will adopt the CBSE business model in the future, especially if there is an increasing number of WISEs. When social entrepreneurship is discussed in the Swedish context, it is described as being related more to the continental European idea of the social entrepreneur as an enthusiast for societal change who works primarily in the non-profit or the public sphere, whereas in other cultural contexts a social entrepreneur is someone who creates a new form of venture operating between the borders of the civil and the private sector.

To some extent this is also demonstrated in the three cases. In *Yalla Trappan* and *NRFH*, the women's co-operative and the meeting house are grounded in the context of a popular movement. *NRFH* is a member of an umbrella organisation consisting of 500 similar meeting houses throughout Sweden, and with a long history which is well-established and legitimate in the civil and public society. The founder of the women's co-operative has long experience from the Workers' Educational Association, which is Sweden's largest adult education association. *Roslagskrafterna* is set up as a co-operative where the enterprise is democratically owned by the members, with one member one vote. And even though it is set up as an economic association, where the members' financial interest needs to be their first priority, they have decided that profit must be re-invested in local charities. According to the chairperson, the re-investment and local charity "made it so much easier for a lot of the people to buy into the idea of starting a business".

These three cases were chosen because of their particular focus on social enterprise, that is they had a clearly stated business model where trading is an important source of revenue. In all three cases, the notion of community was not necessarily used to describe their activities, even though their aim is to contribute to a more inclusive society within the community. As for the concept of community business, the approach adopted in the Swedish context is significantly different to the one promoted by Power to Change in England. However there are a number of voluntary associations and organisations that at least partly reflect the criteria for community business, such as the co-operative businesses which do not wish to be accountable to the community in general and rural community centres whose enterprising activities may be only one element of their role.

3. Discussion and conclusions

This section discusses the key findings of the case study analysis in the three countries. The purpose is not to provide a systematic comparison but to bring out the specific and unique features CBSEs in each country, as well as identifying the main similarities and differences between them. This section follows the same thematic structure as section 2 and ends with a number of conclusions.

While we have identified many differences, which are largely related to variations in the national and local context, political background and history of citizen initiatives, many similarities have also become apparent between CBSEs in England, Sweden and the Netherlands. Our concluding argument is that CBSEs are a response to relative austerity in each country as well as a desire to promote different forms of 'citizen-centred governance' (Barnes *et al.*, 2008), while also emerging from different national and local contexts. It is the different legal and administrative frameworks which have a major influence on the establishment and support for CBSEs, while also creating opportunities to deliver services and to provide facilities which would not otherwise be available.

3.1 Origins and development

In all three countries CBSEs often start out as small-scale initiatives run by a few entrepreneurial people who may continue to be involved for many years and bring in others to help develop the business. For example, in England CBSEs are often initiated in areas where there has been a history of resident involvement in previous community programmes. In the Netherlands, many CBSEs arise in former target areas of the national urban renewal programme, which has recently come to an end. In Sweden, many of the CBSEs are linked to previous work integration projects. While definitions of CBSEs (as set out in section 1) tend to emphasise the importance of the local context, in several cases the initiators are not based in the target area themselves whereas some CBSEs may bring specialist skills and permit access to wider networks. The beneficiaries usually reflect different forms of social inequality, deprivation and a lack of qualifications and skills.

Our case studies all identify needs that are not fully met by either the government (at any level), the market, or by combinations of these and other actors. Hence, they are entrepreneurial in the sense that they identify gaps in service provision and niches in the market as well as new ways of delivering services. The identification of needs is not only related to government withdrawal and austerity policies, but also to levels of education, skills and other strengths of key individuals and entrepreneurs within the organisations, who believe that citizens have an important role to play in delivering services using methods which can be more responsive than those delivered by government or the private sector. Hence, we perceive the rise of CBSEs as a response to austerity policies in light of a growing commitment to active citizenship within a strong civil society, including the desire to build more on local strengths and expertise.

There are substantial differences in levels of support for starting up CBSEs in the three countries. Sweden provides the most extensive form of support, through business initiators such as Coompanion, while in England and the Netherlands support is available once an initiative has been formed at the local level.

All three countries have a different understanding of the definition of CBSEs, although all recognise Power to Change's use of the following criteria: locally rooted; trading for the benefit of the local community; accountable to the local community; and broad community impact.

A fundamental difference between the organisations is associated with the notions of 'community' and 'community-based'. While 'community' is an established term in both policy and scientific discourse, as well as in the public debate in England and the Netherlands, it has no straightforward equivalent in Sweden. The term 'societal entrepreneurship' is used in the Swedish context and includes the notion of 'community', 'community-based'⁶ and 'local' (Persson & Hafen, 2014; Gawell *et al.*, 2014; Gawell, 2015). However, the terms local, community and community-based are more strongly emphasised when framed in development settings in rural regions. Hence, in a more urban setting, where the Swedish cases are located, the neighbourhood is not always stressed by the respondents even though the cases are indeed products of their local context and have social aims for the community.

The case studies in England and the Netherlands place a strong emphasis on engaging with and providing benefits for 'the community', whereas in Sweden this concept of the community is not clearly identified or expressed for all cases. Instead, the benefits arising from the business are expected to accrue primarily to the members in the social enterprises or to society in general. At the same time, the Swedish cases use an exclusively needs-based analysis to identify deficiencies in certain areas and among certain groups and subsequently address these deficiencies with activities, without the need to label an area or group as a 'community'. In England and the Netherlands, CBSEs have been framed in particular programmes and philosophies which are clearly influenced by a few active organisations (Locality, Power to Change, LSA) which promote new entrepreneurial forms of organisation that identify communities, in a social and/or spatial sense. In the Netherlands, this contextual factor is further emphasised by the fact that the rise of CBSEs is explicitly framed within, and as a response to, the end of the national urban renewal policy, which focussed its efforts on a number of top-down, pre-defined target areas. While needs-based approaches are operating to varying degrees in all three countries, CBSEs aim first to identify specific local opportunities and local strengths, in terms of assets or people. In other words, the entrepreneurial 'antennas' respond to both negative and positive local features. This is in line with earlier research showing that both necessity and opportunity underlie motivations of entrepreneurs in deprived neighbourhoods, as well as within their own locality (Williams & Williams, 2012).

⁶ 'Lokala gemenskapsföretag' is a term sometimes used by actors operating in the Swedish social economy and is then as such directly linked to the term community-based enterprise as introduced in Scotland. This concept shows great similarity to the co-operative ideas advocated by for instance Coompanion.

3.2 Defining objectives

We found that all case studies are remarkably stable in terms of their overarching objectives (such as empowerment, integration, affordable housing, health, organically and locally produced food, meeting places, etc.). In all countries, the mission statements and key objectives have not changed much over time, while operational goals have varied in relation to the changing activities undertaken to achieve the overarching objective(s). In all cases, the overarching objectives are rooted in core values which are reflected within the CBSE. These core values are manifest in different ways, for example, the values that volunteers have to adhere to in order to be active in a CBSE function as a 'code of conduct'. In the Netherlands, the *BBC* is establishing a simple code of conduct to make sure that all volunteers adhere to the key values of the CBSE. The ways in which the CBSEs started, their core values and guiding principles, are a major influence on how they develop in future. New projects and newly acquired assets need to be seen to be contributing to these core values and in this way all case studies can be said to be 'path dependent' (Kay, 2005).

3.3 Organisation and management

All CBSEs have formed boards which are responsible for management but there are significant differences relating to the roles and responsibilities of board members. In the Swedish cases, the chair of the board is legally responsible for human resources and staff issues (although he/she might delegate the practical work to another board member). In the Netherlands and England, the chairperson does not have this legal obligation; any staff member may be involved in managing human resources, but the board as a whole remains the sole responsible legal entity. In most cases, there is a formal allocation of responsibilities for a range of activities, but tasks are sometimes performed by different staff or board members for various reasons, especially where there are board member vacancies. In some cases, sub-committees are formed of board members to focus on particular issues, such as longer-term strategy, finance or recruitment of staff. In England, there is a strong tradition of the director (or CEO) reporting to the board but also working closely with the chairperson around strategy and new opportunities.

In all three countries CBSEs are examples of a wider trend of new forms of organisations that emerge between the public and private sectors, but do not always have clear boundaries and can thus be considered bridges between sectors. As such, the amount of hybridity (Doherty *et al.*, 2014) in such new organisations is increasing rapidly. Likewise, in terms of the use of language within bottom-up initiatives, it appears that 'co-operative' and 'community-based' are being used interchangeably. Both refer broadly to people getting together to arrange matters for a certain group of beneficiaries. In England and Sweden, where co-operative is not a legally established organisational form as in the Netherlands, the concept captures the democratic principles of joint working amongst community members. Hence, co-operative is predominantly used as an adjective to reflect the way of working rather than referring to the legal institution itself. In England co-operative suggests the shared ownership of an organisation by those working for it, as in the case of *OrganicLea*.

3.4 Business model and funding

As mentioned in the beginning of this report, CBSEs can be considered a particular form of social enterprise. The concept of hybridity, i.e. the pursuit of the dual mission of financial sustainability and social purpose, is a defining characteristic of social enterprises (Doherty *et al.* 2014). The CBSEs in England, Sweden and the Netherlands all appear to span the boundaries of the private, public and non-profit sectors. Therefore, they have to deal with conflicting institutional logics; opportunities and challenges are dealt with in different ways and according to the different logics of the state, market, and third sector (Pache & Santos 2012; Doherty *et al.* 2014; Skelcher & Smith, 2015). For some projects or business activities different management structures may be required. An example of this is the creation of *Goodwin Community Housing Ltd* in order to carry out a major housing development on a site previously occupied by the Trust's own offices in what was a former home for older people. Another example is the umbrella organisation *Nya Rågsveds Folkets Hus* in Stockholm, which has a non-profit structure when organising cultural and recreational activities for community members, and uses the limited company for more commercial activities.

While all CBSEs seek a balance between trading and social activities, there are differences in the amount of effort put into trading activities. The same applies to the variety of sources in funding, in particular the balance between state funding, trading income (including commissioned work) and external grants. All case studies are to varying degrees dependent on government or charitable funding. For example, Swedish CBSEs are contracted to provide social services to the government, which is the prime reason for labelling this as trading income and not as a form of government funding (Gawell, 2015). The same applies to the *Stichting Bewonersbedrijven Zaanstad*, in the Netherlands, where the local government employs two staff members of the CBSE to perform social work in a team of professionals.

In all countries, CBSEs generally prefer not to rely on project funding from external sources, because it creates too much uncertainty and absorbs staff time in making applications and monitoring requirements. Nevertheless, a notable trend in almost all our case studies is that they rely heavily on public or charitable grants and loans in the early years but then increasingly seek ways to increase their trading income and thus to ensure their longer term financial sustainability. In England, in particular, the acquisition of new assets could only be possible if capital grants can also be secured to cover restoration of the physical fabric of the building. In addition, an element of commercial activity is usually included in new projects in order to cover additional costs.

This study has also uncovered differences in how available government funding is directed towards these initiatives. In general, there is a larger array of funding opportunities available for CBSEs in England while there are fewer options in Sweden and the Netherlands (see section 1). Moreover, the English case studies have a much stronger asset base than the Dutch and Swedish cases. This is probably because of a longer history of charitable activity and asset transfer policies in England. The National Lottery and Power to Change in England are also important sources of funding for community businesses and similar third sector organisations in providing capital grants to restore buildings.

This study has provided insights into how CBSEs instil their entrepreneurial approaches in particularly local contexts. Generally, businesses start out on the basis of certain aims that may, through a process called *causal reasoning*, provide clear leads towards activities and instruments that help to achieve the aims. However, we have found that CBSEs, especially those in Sweden, tend to apply *effectual reasoning*. While causal reasoning usually provides prescribed approaches towards achieving specific aims, effectual reasoning starts from identifying what is there in terms of directly available resources and people, to subsequently identify opportunities for the business and act accordingly and in interaction with other stakeholders (Sarasvathy, 2001, 2008). Put simply, effectual reasoning poses the question ‘what can we do (in business terms) with what we have at our disposal at this moment?’ Hence, CBSEs tend to identify opportunities through a ‘filter’ of their available resources (such as people and assets) because they cannot easily expand their resources through loans or other sources of funding.

3.5 Context

Chapter 1 discussed the wider ‘eco-system’ of local stakeholders and national support organisations, which appears to be a very specific to each country, but also between local cases within countries.

Contingency theory⁷ (Donaldson, 2001) helps to explain how CBSE practices in three countries are responding to the range of national and local opportunities and available funding sources. This also applies to the willingness of local authorities and other public and private bodies to provide support, for example through joint collaborative arrangements. The key variables seem to be the availability of different forms of capital and revenue funding, the extent of support from government agencies and the local authority, and the ability to access new contracts or to acquire assets which contribute towards the organisation’s social and economic objectives. In Plymouth in England, for example, *Millfields Trust* has a very good relationship with the city council which has enabled it to secure leases of increasing length for land and buildings at below market value.

However, once CBSEs start out in a particular direction, their evolution is to a certain extent pre-determined. While continuity is important, CBSEs also need to be pragmatic, because it may not make sense to continue certain activities if the associated circumstances and conditions change. However, certain choices and internal or external events may lead to a form of ‘creative disruption’ which changes at least part of the development trajectory and activities of the CBSE. For example, *Goodwin* decided to demolish its headquarters building in order to replace it with a new affordable housing development which it could manage itself and thus generate an income.

Another similarity between countries relates to ‘boundary spanners’ (Van Meerkerk & Edelenbos, 2016) in that CBSEs seek partner organisations, such as local authorities, with which to collaborate. On many occasions during the development process, a variety of collaborative arrangements between public

⁷ Contingency theory suggests that organisations respond and adapt to the environment in which they are located, taking account of their aims, size, leadership and the range of commercial and non-commercial opportunities available to them.

and private agencies have provided support in sharing costs or providing technical and financial assistance to create a viable project. The more boundary spanners a CBSE has, the better the chances of identifying useful funding opportunities or partnership arrangements. For instance, In the Swedish cases there are several such 'boundary spanners' on all three boards who have previous experience in the public and/or private sector. The ability to explain the organisations' values and ways of operating in different sectors are valuable at a local as well at a national level, e.g. the chairperson in one case was invited to explain and discuss the co-operative's way of doing business as well as negotiating a contract with one of Sweden's major furniture companies.

3.6 Accountability and representation

According to the academic literature, CBSEs are independent, not-for-private-profit organisations that are owned and/or managed by community members, and are locally accountable and highly committed to delivering long-term benefits to local people (Pearce, 2003; Peredo & Chrisman, 2006; Somerville & McElwee, 2011; Bailey, 2012; Kleinhans, 2017). Many elements in the definition are recognisable in the three case studies, but the matter of local accountability is an exception to that rule. In fact, we have observed that the understanding of what constitutes being accountable to the 'community' varies according to how the organisation perceives its role, its governance systems, users and beneficiaries.

The ways in which different community businesses define and address the need to be accountable to different stakeholders is fully examined by Buckley *et al.* (2017). Thus the community may simply be defined as users and people, such as volunteers, having contact with the organisation, or in other cases residents living in a clearly defined area. In the former, this might be described as a community of practice rather than a community of place. In most cases accountability is practised on an informal, day-to-day basis. The main reason for this as reported by CBSEs is that they do not have the time, expert knowledge and/or other resources to be accountable in systematic ways which are often prescribed by more 'bureaucratic' agencies. For the same reason, impact is not monitored systematically; some CBSEs do measure outputs, but in practical, low-key ways that are embedded in the daily routines. For example, a large part of the monitoring for the *Bewonersbedrijf Malburgen* in the Netherlands is carried out by two caretakers, who are present in the organisations' building almost full-time.

Many interviewees from CBSEs argue that they provide needed services, and therefore question the often externally imposed necessity to provide further justification for what they are doing. They emphasise the importance of telling their story, being transparent and communicating their aims and activities, to their target groups and beyond. Some of the interviewees have described this as public relations, image management and informing rather than accounting. In terms of these informing elements, it appears that all case studies rely predominantly on relatively traditional methods of communication: newsletters, annual reports, websites, items in local newspapers, and themed meetings. Some use social media to advertise their activities or special events.

The divergence between theory and practice is also clear in relation to the issue

of local representation. None of the case study interviewees stated that their CBSE represents the locality in which they are based. At the same time, CBSEs claim that they know what local residents are thinking. Board members draw on local knowledge through their own networks, but they do not aim to set themselves up as representative bodies for the community. However, other local state organisations might identify or treat them as such. This may result in contractual relations, in which they are asked to perform certain activities as a result of being 'close to the community'. As for representative democracy, boards are often not democratically elected, simply because it is sometimes difficult to find suitable candidates for a vacancy. Case studies in all three countries reported difficulties in filling vacancies on their boards and few if any had a succession strategy to ensure a steady turnover of board members.

All CBSEs produce annually audited accounts and reports to satisfy the formal requirements of their legal status, as a company limited by guarantee (England), non-profit and economic association (Sweden) or foundation (Netherlands) as well as regular reports to funding bodies.

3.7 Leadership

In most of the case studies we have identified 'leaders' who can be considered as the 'motivating force' of the CBSEs. These are often, but not exclusively, the initiators, or board members that were involved in the start-up of the business. Both in Sweden and England, Chairs (Sweden) and chief executives (England) are driving the organisations, by being entrepreneurial and managing external relations. In the Netherlands, the leadership varies in each local situation; sometimes it is the chair of the CBSE, in other cases lead entrepreneur.

While the literature seems to attach importance to community leadership (Selsky & Smith, 1994; Renko *et al.* 2015) which is supposed to be structured democratically, our case studies reveal practices of leadership exhibited by charismatic individuals, who propagate the core values or take the majority of the decisions. Some may do this with or without consulting the board, but usually without consulting 'the community'. Conversely in the member-driven organisations such as the Swedish cases the members and the representatives of the board themselves can be considered to be the community or at least partly so. The democratic principle of 'one member one vote' is still at the centre of the decision making process which may slow decision making down.

In many cases, board members have been recruited because of their professional skills, local knowledge or extensive networks such as in the case of residents. In other words, CBSE are skills-driven rather than democratic representative-driven, with the latter reflecting a situation in which board members might be democratically elected. In reality, elections very rarely occur in the cases we have studied because very few have multiple candidates for board vacancies.

Experienced volunteers can often be a good source of board membership recruits. The Swedish cases work on the basis of a co-operative structure which allows members to ensure good practice is followed, while in the Netherlands, this opportunity is lacking because foundations do not have members. *OrganicLea* in England has been reviewing its management structure in order to get a good working balance between leadership by a few as well as the active involvement of all 15 co-operative members. The challenges of collective decision-making are not unique to CBSEs.

3.8 Prospects for growth

In all three countries CBSEs share relatively limited growth prospects. A key cause for many of them is that they rely heavily on volunteer staff capacity, in the Netherlands in particular, which makes it difficult to plan for the future. Moreover, in many of the cases, volunteers have learning disabilities or mental health issues which is part of the mission of the respective CBSEs but means efforts are required to guide them. Another difficulty is that expanding commercial activities requires permits, compliance with legislation, and guaranteed availability of staff at the requested times, knowing that many voluntary and/or paid staff members within CBSEs cannot work full time. Instead a work situation that can support people with varying levels of ability is needed.

Many CBSEs are aware that growth generates risks, even though a larger business might help to deal with day-to-day changes in staff availability and reduce overheads. A key strategy for growth for CBSEs is connecting with wider networks of similar initiatives or reproducing the CBSE concept and values in a different location. This strategy is applied by for example *OrganicLea* in England and *Yalla Trappan* in Sweden. In the former case, this is called 'replication', whereby the organisation itself does not grow but it assists other organisations to establish similar working practices. This is happening in another London borough where the local authority is willing to let a set of glasshouses which are surplus to their requirements to a CBSE to promote similar objectives of volunteering and healthy eating through growing locally produced food. In Sweden, *Yalla Trappan* has created a co-operative model of how to set up a WISE which is being replicated in other places in Sweden.

3.9 Conclusion

This explorative study has provided a snapshot of CBSEs in three different countries, each at a different stage of development. Based on nine case studies, it is neither possible nor desirable to look for 'best practices', a term that is all too easily used by policymakers, nor to evaluate each one. Instead, based on the above discussion of similarities, we can identify five broad conclusions which are relevant to CBSEs in the three countries;

i. Context

This study has shown how important the context is for the growth and development of CBSEs. Many factors that determine the inception, progress or failure of CBSEs are strongly imbedded in local social, economic and policy contexts. Nevertheless, all the case studies apply a broadly similar hybrid business model which aims to achieve a balance between trading and non-trading activities in order to promote the organisation's core values. Most of the case studies are based in areas of relative deprivation where their activities bring considerable benefits to those making use of the services or facilities of the CBSE. But the relatively small size of these organisations and because they usually provide a limited suite of services means that they are likely to only moderate but not reverse levels of deprivation in the longer term.

ii. Asset base

Regardless of the differences between countries, it appears that having a strong asset base is crucial to the success and prospects for growth of CBSEs. An asset base (for example, land or buildings) can provide a durable means for generating an income beyond project-based time limits and uncertainties. Asset transfer is increasingly common in England during a period of austerity, although opportunities vary in different locations. In other European countries, the perception is much more likely to be that what is owned by the state is also a community asset and therefore the transfer to community-based organisations is much less evident. Other sources of income, such as government funding, are always time-limited and contract-based service provision is often short term.

iii. State support

The study has emphasised the need for the positive support of governments and especially local authorities. However, as shown in the policy review section 1, the social enterprise sector is still in its infancy, which affects the outcome of positively framed discourses on this particular form of active citizenship. In Sweden, there is a growing interest in social entrepreneurship but at the same time there seems to be an uncertainty in how to and in which direction the national government should promote increasing citizen responsibility. For instance, a commission requested by the government with the purpose of investigating what actions need to be taken to strengthen the social economy and social innovations has not been published despite considerable interest in the outcome. The emergence and growth of social entrepreneurship is not without criticism and it has been suggested that changing government policies have been part of the problem (e.g. Dey & Steyaert, 2010; Teasdale, 2011). In England, social and community enterprise have a relatively low national profile in comparison, for example, to Scotland where there is a national strategy linked to other programmes such as urban regeneration. In the Netherlands, the increasing importance of social enterprise has been acknowledged, but this has not yet affected supportive policies on various levels. In fact, the growing role of social enterprise in the three countries may still be seen as a threat to established interests of local authorities, who feel that they should (and can in the future) remain responsible for various forms of service provision. Even if local authorities are supportive, the tendency to strive for scaling up or 'rolling out' social innovations such as CBSEs can become "a mechanistic, mass production perspective of service provision" (Pestoff, 2014, p. 393).

iv. Leadership and accountability

Notions of leadership and accountability need to be reconsidered in the context of CBSEs. As for leadership, the development of CBSEs relies on a few active persons to make decisions at key stages in the development of the business. The same applies to 'allies' in local authorities and other organisations. The results of the case studies give reason to question the common assumption that CBSEs should be considered as democratic in terms of accountability to the community, although clearly most are in constant dialogue with residents and service users. They do not formally represent the larger population, and this is not their intention, but the activities of the organisation have an important role in developing social capital. CBSEs struggle with the transformation from a representative to a participatory democracy, which is evidenced by the difficulty some CBSEs face in recruiting new board members.

On the other hand, there is evidence that CBSEs are both entrepreneurial and innovative in that they deliver services often more effectively and at lower unit cost than many more traditional providers. Many actively engage volunteers who gain confidence, skills and expertise which often enables them to gain employment elsewhere. Particularly in England where asset transfer is more common, CBSEs have demonstrated considerable expertise in identifying opportunities for land and buildings previously written off as unusable and have created imaginative solutions to meet local needs or to generate new sources of income. For example, *Goodwin Trust* acquired a redundant church in its area which it was able to rent out to a theatre group as rehearsal space as part of Hull's City of Culture programme. However, CBSEs tend to operate in high risk environments where rapid policy or funding changes can undermine projects or threaten the whole organisation. Increased diversification and the ability to respond flexibly to new opportunities are essential if the organisation is to grow and prosper.

v. Similar trajectories

CBSEs in the three countries are on similar trajectories from a low-level start as a community project, gaining an increasing income from commercial activities over time, and at some point in the future developing a more diversified range of services and facilities based on both commercial trading and non-commercial funding. Thus CBSEs can be both innovative and entrepreneurial in developing this hybrid business model which is pioneering new approaches to service delivery as part of a larger strategy of inclusive growth (Vickers *et al.*, 2017). Each seeks financial sustainability but this will depend very much on the opportunities and constraints it identifies in its locality and through developing boundary-spanning, collaborative arrangements with others. However, central and local governments in all three countries are often perceived as ambivalent to the forms of innovation represented by our case studies and may appear uncertain as to whether they should support this sector and if so, how best to do so.

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Appendix 1: Methodology

This project was carried out by the research leads from the universities of Westminster, Delft and Stockholm using a mixed method approach. Having reviewed national and local policy in the three countries, a series of three CBSEs were investigated in depth in each country making a total of nine case studies. Access to key stakeholders was negotiated through known contacts and organisations such as Power to Change and Locality in England, the National Association of Active Residents (LSA) in the Netherlands and Coompanion in Sweden. The main focus of this project is CBSEs which are often formed in areas of relative deprivation, or undergoing regeneration, in order to provide services or facilities to social groups or local communities which would not otherwise have access to them.

Quantitative and qualitative research was carried out using published and unpublished sources, and semi-structured interviews with a variety of stakeholders. The interviews were digitally recorded, transcribed and retained by the researchers. Seminars and workshops enabled findings to be shared and comparative insights to be developed between countries with the assistance of external contributors. It was agreed that the purpose of the project was not to evaluate or make judgements about individual CBSEs but to learn from their experiences so that conclusions could be drawn within and between countries.

The project was co-ordinated by Nick Bailey through regular Skype meetings with Reinout Kleinhans and Jessica Lindbergh. Ethics approval was obtained from the relevant authorities in our three universities. There were four main stages:

Stage 1:

In stage 1 we contacted key practitioners and policy makers in each country in order to examine the parameters within which CBSEs operated. This enabled us to write up chapter 1 which discusses the extent to which relevant policy exists at each level as well as identifying key support and funding agencies in all three countries.

This analysis helped us select three case studies in each country for more detailed investigation and after seeking advice from national support organisations. The main criteria agreed in advance were: number of years since foundation; size and type of trading and non-trading activity; location in areas of relative deprivation; and aspects of organisation and delivery which might be transferable to other locations. Thus the nine case studies selected represented as near as possible the full spectrum of CBSE activity.

At the end of this stage a seminar was held at the University of Westminster in February 2017 to discuss the findings and the wider implications. Representatives from all three universities and support agencies from each country made short presentations.

Stage 2:

In stage 2 we carried out a detailed investigation of case studies and prepared a summary report on each one. These were based on semi-structured interviews with a sample of employed and volunteer members of each CBSE as set out in Table 1, as well as secondary material from reports, websites and social media.

Table 5: Policy makers and case study representatives interviewed in each country

	England	Netherlands	Sweden
Paid employees	7	2	5
Chairs of management boards	3	2	3
Other board members	5	5	3
Volunteers	3	3	0
Members of support organisations, other social enterprises and state agencies	4	1	9
TOTAL	22	13	20

Stage 3:

In stage 3 a two-day seminar was held in June 2017 at the Delft University of Technology at which the findings from the case studies were discussed in order to identify similarities and differences. Representatives from all three countries made presentations as well as Ailbhe McNabola, Head of Research and Policy at Power to Change, Peter McGurn, director of the *Goodwin Trust* (one of the English case studies) and Ingmar Van Meerkerk from the Erasmus University in Rotterdam who is also doing research on this topic.

Stage 4:

In the final stage, the three academic investigators met in Stockholm in September 2017 in order to discuss the findings and to draw out general conclusions from the whole project. These are set out in the Discussion and Conclusions (chapter 3) of the report.

The nine case studies were written up and draw on all sources of research data. These are published in a separate annex to this report which is available on the Power to Change website.

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